Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 16,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	£E3.00	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	Fmk9.00	Lebanon	L£1,000	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta125
Germany	DM2.50	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh70	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.900
India	Rs29	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,523

Tuesday August 6 1991

D 8523A

Deficit ... liberalising ...
Page 3

World News

Soviet decree targets food supply shortages

Soviet president Mikhail Gorbachev has decreed that hard currency should be used to secure supplies of food and basic consumer goods in the face of falling production and warnings of a poor harvest. The presidential decree lays down that all hard currency funds should be used to purchase consumer goods from abroad and that barter arrangements should be set up to further ensure supplies. The measure, one of several which attempt to address the increasing crisis on the Soviet consumer market, is notable for its explicit reliance on market mechanisms. Page 18

Sanctions stay

The United Nations Security Council met privately for a periodic review of an April Gulf war ceasefire resolution and concluded there were no grounds for any changes in UN sanctions against Iraq.

Sinking to be examined

The South African government has appointed a maritime court to investigate the sinking of the Greek-registered liner Oceanos, which was carrying 580 people. All were rescued. Page 4

Jobs-for-life may go

Many German public officials face losing their jobs-for-life status as public corporations face increasing competition from the private sector. Page 2

US aid boost

Congress is expected to boost US exports by targeting millions of dollars in US aid towards foreign infrastructure development. The funds would have to be used to buy US goods and services. Page 3

ANC wants early talks

South Africa's African National Congress is seeking an early start to constitutional negotiations to capitalise on the government's loss of stature in the wake of the Inkatha funds scandal. Page 4

Shia Moslems protest

Pakistani police arrested more than 300 Shia Moslems who attacked government offices in Islamabad in protest at the government's alleged failure to punish the killers of their leader, Arif Al-Hussaini, who died three years ago.

Guerrilla leader held

Philippine police captured the chief of the communist New People's Army, Romulo Kintanar, and his wife at a Manila hospital where they were having check-ups. Page 4

Kenya forum illegal

Kenya's ruling African National Union has declared illegal a new forum to campaign for a return to multi-party democracy. Opposition parties are banned in Kenya.

Police chief jailed

The former police chief of Australia's Queensland state, Sir Terence Lewis, was jailed for 14 years for accepting nearly A$600,000 (US$470,000) in bribes.

Presidency rejected

Lee Kuan Yew, Singapore's prime minister for 31 years until last November, said he would not seek election as president when the post is created in 1993. Page 4

N-tests world ban urged

A British-based medical campaign against nuclear weapons is calling for an immediate ban on worldwide nuclear tests after an international report predicted millions of deaths.

Honda founder dies

Soichiro Honda, who founded Honda Motor and spearheaded Japan's participation in international motor sport, has died at 84. Page 18

Business Summary

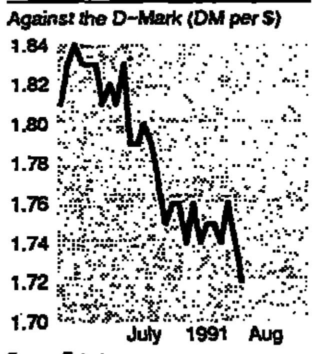
Chase plans to sell off US leasing businesses

Chase Manhattan, large New York commercial bank, plans to sell most of its North American commercial leasing business – with assets of $2.2bn – to four buyers as part of its strategy to dispose of non-core businesses. The move follows its sale earlier this year of its institutional asset management business to Union Bank of Switzerland. Page 19

DOLLAR dropped two pfennigs as a big sell order from the Far East coincided with fears of monetary easing in the US. Lifting sterling and the D-Mark as it fell, the dollar hit a low yesterday in trading of DM1.7180. It had fallen on Friday to close at DM1.7345 after worse-than-expected US jobs data and worries about a German rate rise. Page 18; Currencies, Page 34

Dollar

Against the D-Mark (DM per $)



Source: Datastream

ARJO Wiggins Appleton, Anglo-French paper group, strengthened its position in the European market with the acquisition of a majority stake in BUHL Group, a leading German specialist papermaker, in a deal worth £20m ($33.6m). Page 19

AACHENER & Münchener Leben, life insurance subsidiary of Aachener & Münchener Beteiligung group, one of Germany's largest insurers, has priced its new stock at DM1,600 ($914.2) a share. The recent rush of new paper from the insurance sector could overburden an already enfeebled stock market. Page 19

PLATINUM fell below $350 a troy ounce for the first time since 1985, closing in London at $348.75, down $5.50 from Friday's close. Dealers suggested it might rally briefly after its recent sharp drop – it has fallen by $29.90 an ounce or nearly 8 per cent in value in just over two weeks. Page 26

ATLANTIC Richfield, US oil company, is to cut 1,500 jobs from its US workforce – 7.5 per cent of its total. It will also reorganise the bulk of its US oil and gas operations in a bid to cut costs and improve profitability. Page 20

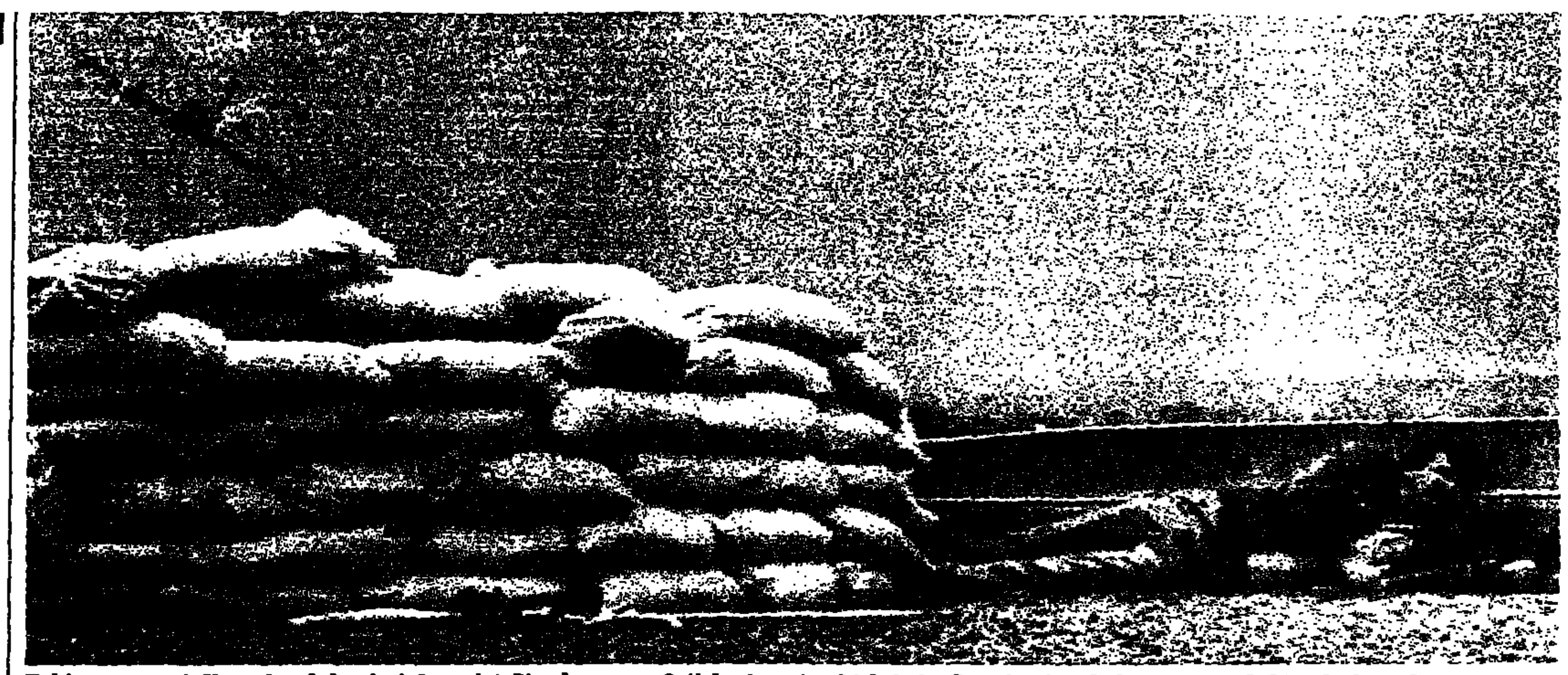
COCOM: President Bush is said to have agreed in principle to review Cocom rules restricting sale of high-technology goods to Moscow. Page 3

DU PONT, biggest US chemicals company, has for the first time placed leadership of a major global business outside north America by appointing UK-born David Williamson, president of Du Pont, Europe, to head its $1.8bn agricultural products operations. Page 19

AEROSPACE: Lockheed, Boeing and General Dynamics were awarded a $9.55bn contract to develop the F-22, the proposed next generation of radar-evading US jet fighters. Page 4

SIEMENS, German electrical and electronic company, is trying to increase its chances of winning control of the heavy industrial and energy divisions of the Czech enterprise Skoda by agreeing to take only a minority stake. Page 20

BRAZIL: Trade unions blocked the sale of Usiminas, the state-owned steel group which was to have been the country's first privatised company. Page 21



Taking cover: A Yugoslav federal airforce jet flies low over Osijek airport, which is in Croatian hands but surrounded by Serbian forces

Armed European intervention urged as EC sets up crisis talks

France seeks Yugoslav force

By David Gardner in Brussels and **Laura Silber** in Zagreb

FRANCE yesterday moved to convene an emergency meeting of the nine-member Western European Union to consider sending a military force to intervene in Yugoslavia.

Mr Roland Dumas, French foreign minister, was reported by ministry officials to have raised the issue as his European Community counterparts planned an emergency meeting on the crisis today.

The foreign ministers' meeting will consider a report on the events leading to the failure of the weekend EC mission to resolve the situation.

French foreign ministry officials said Mr Dumas had asked the WEU defence alliance to meet "in the framework of the possible creation of a European interposition force" in Yugoslavia. Mr Dumas also planned to ask for a meeting of the UN Security Council to debate the Yugoslav crisis, they added.

Mr Hans-Dietrich Genscher, German foreign minister, yesterday blamed Mr Slobodan Milosevic, president of Serbia, for the failure of the EC mission and said sanctions should now be imposed on Serbia. He added that the EC should consider recognising the independence of Croatia and Slovenia.

Mr Genscher said: "The Serbian government has clearly taken over responsibility for developments in Yugoslavia. The Serbian leadership has not only blocked a ceasefire... it has also destroyed the basis for negotiations and for peacefully settling the future of Yugoslavia's people."

In Vienna, Mr Alois Mock, Austrian foreign minister, called for the reconvening of last month's Prague session of the 35-member Conference on Security and Co-operation in Europe (CSCE).

Diplomats returning from the weekend visit to Belgrade by the troika of Luxembourg, Dutch and Portuguese foreign ministers were sceptical about what could still be salvaged.

The Community mission had sought agreement with the leaders of Yugoslavia's six republics on implementing a ceasefire in the western republic of Croatia. But the talks broke down after Mr Milosevic failed to attend a session in Belgrade on Sunday, in effect reneging on agreements made the previous day.

More than 300 people have died in fighting between Croats and Serbs since June 25, when Croatia and Slovenia declared independence.

Mr Franjo Tudjman, president of Croatia, said yesterday that while the crisis need not slide into all-out war, "we will not hesitate to call up the whole Croatian people, barehanded if needs be, to resist aggression".

He again said Croatia would call for an international peace conference on the Yugoslav crisis, and the deployment of peacekeeping troops, either with the United Nations or the CSCE.

"I do not think Croatia has ever had greater support from the international community, both public opinion and officials from European and American countries."

EC diplomats doubted whether the French moves would induce Serbia to endorse any internationally monitored ceasefire in the disputed areas of Croatia.

They felt ahead of today's meeting that the Serbian leadership had seized the initiative. "They want to gain time, just a little time – 10 days to two weeks – to achieve their historical goals on the ground," one said.

YUGOSLAV CRISIS

Inquiry ordered into Iran hostage delay

By Peter Riddell, US Editor, in Washington

DEMOCRAT leaders in the US Congress have ordered an official inquiry into allegations that members of former president Ronald Reagan's campaign staff sought to delay the release of the 52 American hostages held in Tehran until after the 1980 presidential elections.

Mr Tom Foley, speaker of the House of Representatives, and Senator George Mitchell, majority leader of the Senate, said yesterday they had "no conclusive evidence of wrongdoing, but the seriousness of the allegations and the weight of circumstantial information compel an effort to establish the facts." The charges were both "persistent and disturbing."

The inquiry will be carried out separately by a foreign relations sub-committee in the Senate headed by Senator Terry Sanford and by a special task force in the House chaired by Congressman Lee Hamilton. Both men are Democrats.

The committees, which will co-ordinate their activities, could hold public hearings if the inquiry warrants it.

President George Bush, in 1980 a candidate for the vice-presidency, has denied any involvement or having attended meetings in Paris with Iranians.

Mr Foley and Mr Mitchell said they accepted Mr Bush's word that he had nothing to do with the allegations.

Mr Marlin Fitzwater, White House spokesman, said yesterday that Mr Bush believed that if there was legitimate evidence and real reason for an investigation, Congress ought to get to the bottom of it, but if it was just a political witch-hunt, it was foolish.

Continued on Page 18

Japanese PM pledges tough new finance legislation

By Stefan Wagstyl in Tokyo

JAPANESE prime minister Mr Toshiki Kaifu yesterday promised to prevent any repeat of recent stock market scandals by enacting tough new securities laws.

He made the pledge in a policy speech at the opening of a special session of the parliament, during which MPs will make changes to Japan's post-war political system.

As well as financial market reforms, the parliament is expected to debate bills for political reform and for ending the ban on sending Japanese military personnel on active service overseas. This would enable them to join United Nations peacekeeping forces.

Mr Kaifu said the government was drafting laws to deal with the crux of the securities scandal, where stockbrokers compensated favoured clients for trading losses. The Securities and Exchange law would be revised to make compensation illegal and also to ban *eigyo tokkin* – discretionary investment accounts managed directly by brokers instead of fund managers.

Mr Kaifu said the compensation payments were "deplorable", not only because they violated the standards expected of brokers and undermined trust in Japanese markets but also because they contradicted "our ideal of a fair society".

He also criticised the "supervisory authorities", a comment aimed directly at the Ministry of Finance, although the prime minister did not name it.

The ministry is under attack for failing to monitor the securities industry adequately. Mr Ryutaro Hashimoto, the finance minister, has faced calls for his resignation partly because of his responsibility as head of the ministry and partly because it emerged at the weekend that one of his aides had been involved in a separate financial affair concerning illegal loans.

Mr Hashimoto's chances of staying in office improved yesterday when Mr Kaifu expressed support for him to the press. Mr Hashimoto, a potential future prime minister, wants to stay in his post long enough to be able to claim credit for some of the reforms. To go now, when demands for his resignation are at their peak, would look like giving in to pressure.

Mr Kaifu's speech promised a bill to remove the current system of multi-seat constituencies in favour of single-seat

Continued on Page 18

Lloyd Webber chalks up a Really Useful deal

By Michael Skapinker in London

MR Andrew Lloyd Webber, chalked up another hit yesterday.

The creator of Cats, Jesus Christ Superstar and Evita sold a 30 per cent stake in his Really Useful Holdings to PolyGram, the music business, for £78m, which is more than the entire sum he paid for the whole group last year.

Mr Lloyd Webber paid £77.5m for the company when he bought it back from shareholders in a buy-out last year.

Mr Alain Levy, chief executive of PolyGram, which is 80 per cent owned by Philips of the Netherlands, said he thought the deal was worth every penny.

He described Mr Lloyd Webber, whom he likened to Mozart, as "one of the talents of the twentieth century." He added: "We're not talking about a pop artist here. We are talking about someone who has a long-term life in all kinds of entertainment businesses."

Mr Levy said the real attraction of the deal was that Mr Lloyd Webber had agreed to extend his contract with Really Useful by 10 years to 2003. PolyGram, which has paid £68m for its stake and will pay an additional £10m in 1994, has been given PolyGram the option to acquire a majority stake in Really Useful in 2003. It will also pay Mr Lloyd Webber an unspecified performance-related payment.

Mr Lloyd Webber has also agreed to provide his services as a theatrical producer and in film and television exclusively to Really Useful. These were previously excluded from his contract.

PolyGram's association with Mr Lloyd Webber goes back more than a decade. PolyGram has helped to finance a number of Really Useful stage productions and, through its Polydor record label, has already sold more than 10m Lloyd Webber albums, including the cast recordings of The Phantom of the Opera, Starlight Express and Aspects of Love.

Later this month, Polydor will release the recording of the new Lloyd Webber production of Joseph and the Amazing Technicolour Dreamcoat, featuring Jason Donovan, the Australian performer.

Mr Levy said the attraction of Really Useful was its wide appeal. "People want to listen to Jason when they are six years old and people go to Cats in their eighties," he said.

As part of the agreement, PolyGram gains exclusive worldwide recording, publishing, television and video rights to Really Useful's existing and future works, subject to existing licences.

Mr Levy said PolyGram would have one representative on the Really Useful board, but would not otherwise intervene in the company's management.

Mr Patrick McKenna, chief executive of Really Useful, said he hoped to work with PolyGram in areas such as television and film. The deal would give Really Useful access to PolyGram's worldwide distribution network.

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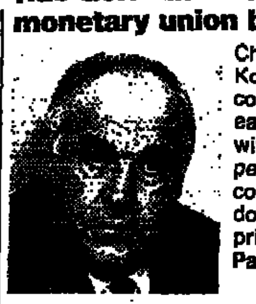
CONTENTS

Has German enthusiasm for monetary union begun to flag?



Chancellor Helmut Kohl denies it, but the cost of reconstruicting east Germany together with a number of other *pertinent factors, have* combined to push Emu down the list of Bonn's priorities
Page 16

MARKETS

STERLING
New York lunchtime:
$1.7115
London:
$1.71 (1.6955)
DM2.94 (2.94)
FFr10.0075 (10.0)
SFr2.5625 (2.5575)
Y233.75 (231.75)
£ index 91.2 (90.9)

GOLD
New York: Comex Dec
$362.7 (362.3)
London:
$356.35 (356.75)

N SEA OIL (Argus)
Brent Sep
$19.575 (19.475)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.7183
FFr5.8445
SFr1.49685
Y136.635
London:
DM1.72 (1.7345)
FFr5.8525 (5.8975)
SFr1.4985 (1.5085)
Y136.65 (136.75)
$ index 66.1 (66.6)
Tokyo close: Y137.3

US lunchtime rates
Fed Funds: $5\frac{3}{4}$%
3-mo Treasury Bills: 5.646%
Long Bond:
$98\frac{17}{32}$
yield: 8.251%

STOCK INDICES
FT-SE 100:
2,585.4 (−16.3)
FT Ordinary:
1999.4 (−15.2)
FT-A All-Share:
1,235.08 (−0.6%)
New York lunchtime:
DJ Ind. Av.
2,995.08 (−11.18)
S&P Comp
385.18 (−2.0)
Tokyo: Nikkei
23,833.25 (−194.72)

LONDON MONEY
3-month interbank:
$10\frac{29}{32}$% ($10\frac{15}{16}$)
Liffe long gilt future:
Sep$93\frac{7}{8}$ ($93\frac{1}{4}$)

EUROPEAN NEWS

Two of Yugoslavia's closest neighbours share concern about a flood of refugees as the tide of violence steadily mounts

Italy sees threat to its border and its political aims

By Haig Simonian in Milan

AS the European Community's only member sharing a border with Yugoslavia, Italy is, understandably, more worried than most about developments to the east.

Rome's concern has both military and political roots. Fighting, first in Slovenia and now in Croatia, poses a potential threat to national borders, requiring some military response. Unlike Austria, the government has reacted *largely cosmetically* so far, with steps limited to troop reinforcements in north-eastern Italy.

Politically, too, the Italians have reason to be concerned. Rome has taken the initiative in promoting new multilateral *political bodies in the region*: the five-country "Pentagonale", now increased to six with the inclusion of Poland; the Alpe-Adria grouping of *regional authorities in the eastern* Adriatic; and a new grouping of regional authorities on either side of the Adriatic further to the south.

Its strategy in such initiatives has mixed motives. Explanations range from the *wish to use Italy's regional* strength in southern Europe as an instrument for consolidating its position in the EC, to concern in Rome to create a regional, Italian-led, buffer against a potential rise in German *influence in the region*, particularly after reunification.

Italy's interest in the Yugoslav problem is heightened by the potential refugee problem. *Economic and political collapse* in neighbouring Albania triggered *periodic waves of Albanian* "boat people" making for Italy's shores, creating immense problems for Rome.

Hence the government's *interest in supporting any EC* measures improving internal stability in Yugoslavia and preventing what could be a much bigger Slovenian or Croatian exodus *towards Italy*.

Rome's worries are exacerbated *by the presence of a substantial Italian-speaking minority*, presenting a certain moral responsibility, in northern Yugoslavia. Moreover, the Ital*ian-speakers have been vocal* in expressing their anger or disappointment with Rome's policy so far. Ill judged remarks in an interview by President Francesco Cossiga earlier this year underplaying *the role of the Italians in Istria* provoked a furious response.

The fact that many of the minority have blood ties with families across the border in *Italy also means votes are* potentially at stake. In particular, the small, ultra-right wing MSI party sees political capital in attacking the government for not supporting the Italian minority adequately, judging *from remarks this week by its* new head, Mr Gianfranco Fini.

In the circumstances, it is not surprising that the official Italian line towards Yugoslavia has been one of firm support for EC opposition to a division of the Yugoslav federation and reluctance to recognise *the* splinter republics.

But matters are complicated in Italy by differing regional responses. Regional governments along the Adriatic coast in general, and in the north-east *region of* Friuli-Venezia Giulia in particular, have called on Rome to take more of an initiative.

The reaction from Friuli-*Venezia Giulia, the only* Italian region bordering Yugoslavia, has both economic and security sides. Fighting in Slovenia led to repeated local demands *for Rome to step up* its diplomatic and military efforts. Trieste, the biggest city in the region with *235,000 inhabitants*, is only a few kilometres from the border; Gorizia, a town of 40,000, is split down the middle, with the Italian *half virtually indistinguishable* from its Slovenian sister town of Nova Gorica next door.

Calls in *Friuli for Rome* to recognise Slovenia and Croatia are linked to financial factors, too. Yugoslavian shoppers, principally from Slovenia but *also from other parts of* the country, play a growing role in the economies of many Italian towns along the border. *Trieste* in particular. In recent weeks, their absence has hurt.

AUSTRIA WANTS CSCE MEETING RECONVENED TO DISCUSS CRISIS

MR ALOIS MOCK, Austria's foreign minister, yesterday asked Mr Hans Dietrich Genscher, his German counterpart, to reconvene the meeting of the Conference on Security and Co-operation in Europe held in Prague last month to discuss the crisis in Yugoslavia, writes Judy Dempsey, East *Europe Correspondent*.

At the same time, Austrian officials believe the breakdown of negotiations between the European Community troika of foreign ministers and Yugoslav political leaders at the weekend could precipitate recognition by western governments of the declaration of *independence* issued by Slovenia and Croatia on June 25.

Mr Mock sent a letter yesterday morning, "urging Mr Genscher, in his capacity as current chairman of the CSCE to try to convene a meeting this week, maybe on August 8 and 9", a spokesman for Mr Mock said.

Austrian officials, who described the collapse *of the* EC mission to Yugoslavia "as terribly serious", said at least one positive development emerged from the talks in Belgrade. "Everybody now knows who is blocking attempts to impose a ceasefire," he added, referring directly to Serbia.

Any escalation of the crisis will have an immediate *affect on* Austria, which borders with Slovenia. Already dozens of Croats are arriving in Austria through Slovenia. "Several families have arrived *in recent days. They have* said they do not want to return. At first they went to seek refuge in the churches in Austria. But even the churches will not have enough room," a Foreign Ministry official said.

Austria's Interior Ministry, which has many years of experience of dealing with refugees from eastern Europe – the first wave occurred during the Hungarian revolution in 1956 – said it had already prepared camps which could cope with more than 300,000.

"*If the situation deteriorates in* Yugoslavia, then I can only expect a massive wave of refugees," a Foreign Ministry official commented. He added *that Hungary could also expect* many refugees. The republic of Croatia borders Hungary.

Meanwhile, the Austrian government is considering a request for a Sch2bn (£97m) credit line from the Slovene government. The request, initially made to Mr Ferdinand Lacina, the finance minister, was passed *on to the* foreign minister. "The Foreign Ministry said it would be treated as a normal request – that is, it should be treated as help from another country. We are *not against it*."

Doubt on future of Polish minister

POLAND'S finance minister, Mr Leszek Balcerowicz, indicated yesterday he might consider stepping down after parliamentary elections in October, agencies report from Warsaw, quoting the official PAP news agency.

However, in conflicting reports from Warsaw, a government official said later that Mr Balcerowicz was not ruling out further government service, only that he did not "strive" for any office.

"I will not run for parliament and I do not aspire to any office in a future government," PAP reported Mr Balcerowicz as saying.

Mr Balcerowicz steered the country from *communism* towards a free market economy. His tough austerity policies made him the main target of anti-government protests.

Albania set to give land to peasants

Albania is to start measuring out land this week to return to peasants dispossessed during Stalinist rule, Mr *Nexhmedin* Dumani, the agriculture minister, said yesterday, Reuter reports from Tirana.

He said the exercise was part of final preparations to return land to peasants by mid-September in time for autumn sowings, a vital deadline given desperate food shortages in what is Europe's poorest state.

Kohl agent on spying charges

A female intelligence agent who once prepared top-secret reports for Chancellor Helmut Kohl has been charged with spying for former East Germany, the federal prosecutor's office said yesterday, Reuter reports from Bonn.

Ms Gabrielle Gast, 48, was recruited in 1968 by a Stasi agent, the office said. She began working for the West German intelligence service in 1973 and became a senior official, with access to highly sensitive documents.

Basque threats delay Spanish trains

Trains between Madrid and northern Spain were delayed again yesterday after a third threat from Basque separatists *to bomb railway lines throughout* the country during August, an official told Reuter in Madrid.

Austrian flood death toll rises to five

The death toll from Austria's *worst floods for more than* 30 years rose to five after a pensioner was drowned south of Vienna, police said yesterday. Reuter reports from Vienna.

The Danube and its tributaries were among the worst hit by the flooding. Chancellor Franz Vranitzky said federal states would receive Sch1.4bn (£67m) immediately to help cover the cost of damage.

The Agriculture Ministry *said at least 25,000 acres of* farmland had been flooded with losses totalling Sch200m.

Refugees queue to go to Germany

An increasing number of people from central and eastern Europe are seeking political asylum in Germany, the Federal Office for the Recognition *of Foreign Refugees said* yesterday, Reuter reports from Bonn.

It said 112,828 people from all over the world had applied for *asylum in the first* seven months of this year, 15 per cent more than in the same period *last year*. The percentage of central and eastern Europeans had reached 58.3 per cent of the 22,073 asylum applications received in July.

Weapons seized on Hungary's border

THIRTEEN guns were confiscated from Yugoslav citizens on the Hungarian border *over the weekend*, the Hungarian daily Nepszabadsag said yesterday, AP reports from Budapest.

In two separate incidents, at Rabafuezes on the Austrian border and Dravaszabolcs on the border with Croatia, Hun*garian border police seized* 7.62 and 6.35 calibre rifles and 9mm semi-automatic weapons from people who hid the arms inside their cars.

"I *cannot remember* having ever caught anybody trying to smuggle this quantity of arms over the Hungarian border," said Colonel Janos Zubek of the Hungarian Border Guards. The cars had been specially fitted to hide the guns, he said.

At Rabafuezes, the smugglers tried to bring arms purchased in Austria into Hungary. At Dravaszabolcs they were trying to ship them into *Croatia*.

A spokesman for Hungary's Defence Ministry, meanwhile, denied Yugoslav media reports that 30 Slovenian pilots had *travelled to Hungary to pick* up MiG combat aircraft.

Croatian leader tries to still chorus of criticism

By Laura Silber in Zagreb

THE future of Mr Franjo Tudjman, Croatia's president, hangs in the balance following the Serbian and army occupation of parts of his republic.

His critics say he has acted too late and too indecisively.

In an attempt to broaden his support, he agreed last week to form a government of national unity. This was also intended to stem mounting criticism of his handling of the conflict. *Opposition and independent* leaders now comprise more than half the new government, although Mr Tudjman app ointed members of the ruling *Croatian Democratic Union* (HDZ) to key cabinet positions.

But the agreement with the opposition, which included scaling-down his considerable presidential powers, may not heal divisions within the HDZ.

Mr Tudjman, 67, is now forced to tread with great caution between the opposition from the left and the right. Opposition leaders of all political hues are angry and dismayed *by the indecisiveness of* the government, which has forced Croatia to its knees in its conflict with Serbia, Yugoslavia's biggest republic.

Mr Tudjman, whose party in April 1990 won the first free *elections since the Second* World War on a promise of independence for Croatia, devoted most of his first year in power to pomp and pageantry.

His initial popularity – his portrait hangs in most stores and restaurants – was based on his impeccable nationalist credentials. He was jailed in the 1970s when Yugoslav President Josip Broz Tito cracked *down on Croatian nationalism* and then banned from public life until the collapse of communism in 1990.

On becoming president, Mr *Tudjman's fatal mistake was* the immediate alienation of the 600,000-strong Serbian minority in Croatia. He presided over the promulgation of a new constitution which named Croatia the state of Croats, excluding the Serbs. His insensitivity and public remarks such as "Thank god my wife is neither a Serb nor a Jew" sparked harsh criticism from the weak opposition on the left.

But *his dream to create an* independent state has so far proved to be based on nationalist symbols, and thus short on substance.

Croats, both within the HDZ and among the population of *4.7m, who watch the state-run* television with fear and horror, are angry. They watch the fighting which led to the deaths of more than 200 Croat police and *national guardsmen*, as well as the destruction of ethnically mixed villages.

Indeed, *Mr Tudjman is being* blamed for the inability of the untrained and lightly-armed Croat security forces to defend the republic. His critics say his *defence strategy amounts to* rhetoric in which Croatia is portrayed as the victim of Serbian aggression.

Hardline nationalists such as *Mr Sime Djodan, the former* defence minister, have now swung behind the new government, but only after two days of bitter arguments within the HDZ. Mr Djodan was sacked last week as a concession to the moderates, but he was moved up to the recently created the war cabinet.

Yesterday Mr Tudjman accused the right wing of the party of plotting against him at *the expense of Croatia*. But those criticisms may be too late for the embattled president, who can now ill afford to settle accounts with the opposition *while the republic* is under siege.

Opposition leaders of all political hues are dismayed by the indecisiveness of Mr Franjo Tudjman's government, which has forced Croatia to its knees in its conflict with Serbia

Coal use forecast to grow 1.2% a year

CONSUMPTION OF coal in the *main industrialised nations is* expected to grow at an average 1.2 per cent a year until 2000, the International Energy Agency (IEA) said yesterday, AP-DJ *reports from Paris*.

The Paris-based organisation said coal demand would reach the equivalent of 1.379bn metric tons, as measured in standard calorific units, by the year 2000, up 12.7 per cent from 1.224bn metric tons in 1990.

The figures, published in the IEA's Coal Information 1991, are slightly lower than last year's estimates for consumption of 1.459bn tonnes by 2000. Both North America and most European countries now expect to consume less coal because of environmental concerns about the carbon dioxide released *when fossil fuels are* burned.

Coal's share of total energy consumption, which the IEA forecasts will grow by 1.4 per *cent a year during the decade*, will remain relatively stable at about 21 per cent. However, coal will slowly decline as a fuel for electricity generation, the IEA report says.

Electricity production in the OECD region should grow by 2.1 per cent a year up till 2000, and the share of coal is expected to fall to 37.7 per cent by 2000 from 40.1 per cent in 1990. The OECD will have 1.823GW of generating capacity by 2000, of which 570GW will be coal-fired.

One important reason for this decline is the trend in *Europe towards gas*-fired power stations, which release less carbon dioxide and other gases than existing coal-fired plant.

However, the IEA said, the world coal trade will grow over the decade. By 2000, OECD countries will import 182m tonnes of coal, compared with 128m tonnes in 1990.

"This is because indigenous coal industries in Europe are *winding down*," said Mr Ercan Tukenmez, head of coal and electricity statistics at the IEA, yesterday. "They are generally uneconomic, and despite the social costs, they *are winding* down."

Moscow and UK treasury staff swaps get go-ahead

By Rachel Johnson,
Economics Staff

BRITAIN and the Soviet Union have agreed a series of staff swaps between the UK treasury and *Moscow's finance* ministry, treasury officials said yesterday.

Soviet economists would enter the treasury for a trial six-month period to be shown how a developed market economy is administered.

Mr Norman Lamont, the UK chancellor of the exchequer, has agreed in principle to a series of exchanges which would involve sending Rus*sian-speaking treasury staff to* the equivalent finance and economics ministries in the Soviet Union. The plan was one of several agreements which have emanated from Mr Lamont's trip to the Soviet Union, which ended at the weekend.

The UK chancellor developed plans for British companies to give advice on privatisation, along with a "favourable response" to the Soviet suggestion for a foundation for Russian students to study economics at Cambridge. He listened *sympathetically to a request* from Mr Boris Yeltsin, president of the Russian federation, for farm and food processing equipment, and management training, the treasury said.

Lamont: exchanges

Bonn's public officials may lose the right to jobs for life

By David Goodhart in Bonn

MANY German public officials face losing their unusual status as *Beamte*, under which they cannot strike and cannot be sacked. Their sought-after *status is likely to go in an* attempt to increase the competitiveness of public corporations.

A powerful alliance of bosses from those public corporations, which face competition from the private sector – such as the federal post and federal railways – are lobbying for an end to *Beamte* status so they can restructure their organisations to meet that competition.

Mr Christian *Schwarz-Schilling*, the post minister, said at *the weekend that introducing* normal pay and conditions into parts of the telephone and postal service was "a task for this legislative period".

Chancellor Helmut Kohl, with an eye on the mainly conservative political affiliation of the average public official, does not yet go along with his post minister or with Mr Heinz Dürr, the former chief of AEG, who is trying to reorganise the heavily loss-making railways.

Several leading Social Democrats have spoken out in favour of ending the special status for some workers in the *public corporations* and a cross-party consensus could be *established for a limited abolition*.

Although one motive for ending the *Beamte* system is to make it easier to sack people, another is to pay people more. At the higher management and technical levels in the telephone service it is increasingly difficult to get properly qualified people because *Beamte* pay scales must be observed.

There are about 5m *Beamte* officials, including policemen, teachers, civil servants, and post office workers. Their pay is less than private sector rates but they have complete job security and special pension rights.

German job losses fewer than feared

THE number of people out of work in eastern Germany was *more than 1m in July, but the* monthly rise was lower than expected because of job creation programmes and more employment in the building and services sectors, Reuter reports from Bonn.

Government officials said 225,000 east German workers lost their jobs in July, boosting unemployment in the depressed eastern region to 12 per cent from 9.5 per cent.

*West Germany's unemploy*ment rate also rose in July from June, with 100,000 workers losing their jobs as the pace of economic growth in the western economy slowed, they added.

But officials said the number of east German jobless reached *1.07m, up from 843,000 in June*.

They noted the increase was sharply below early forecasts that 600,000 workers would lose their jobs once one-year no-redundancy agreements expired.

They said the total jobless number in western Germany reached nearly 1.7m after 1.59m in June, with the unemployment rate rising to 6.3 per cent from 5.9 per cent.

Economists had initially *painted a gloomy picture of the* east German labour market in July, predicting a surge of unemployment after no-dismissal pacts in the key metal and chemical industries expired on June 30.

Unification fails to bridge the great press divide

David Marsh and **Leslie Colitt** on the dilemma facing German publishers over very different readerships

GERMANY may be *politically* united, but it will take years to overcome the cultural and social divide which still separates the country. One of the most striking signs of the gulf is that the market for newspapers and magazines is incorrigibly split between east and west.

In the first few *months* after the breaching of the Berlin Wall in November 1989, a combination of east German curiosity for the western press and temporarily cheap cover prices led to an eastern circulation fillip for west German publications. But the boom, like unification euphoria, *has now subsided*.

Bild, the most successful product of the Axel Springer press empire, mixing a combination of the sensational, the sentimental and the scantily-clad, has built up *a strong following in the* east through its tub-thumping advocacy of German unity, but has seen circulation fall from the heady period at the end of 1989.

The Frankfurter Allgemeine Zeitung and Süddeutsche Zeitung, the two main heavyweight daily papers, with average sales in west Germany of more than 350,000, sell no more than around 10,000 copies a day *in the* east.

East German readers, brought up on a 40-year diet of wafer-thin communist-controlled papers, complain that much of the western press is too volu*minous, unintelligibly written, and* deals with themes which do not interest them.

"A paper which does well in west Germany cannot do well in east Germany," says Mr Werner Holzer, editor of the left-leaning daily Frankfurter Rundschau.

Mr Hans-Wolfgang Pfeifer, chief executive of the FAZ, admits that his densely-worded conservative paper is incomprehensible to most people east of the Elbe. He points to the astonishing brand loyalty of east German readers to traditional local newspapers formerly run by the SED, the East German communist party.

Reflecting strong regional identity rather than ideology, many east Germans are highly reluctant to abandon publications to which their families *may have been subscribing for* a generation or more.

Most west German press groups seeking to establish a foothold in the east have been confronted with two *choices. They have had to decide* between bidding for parts of the former communist-press, which was one of the first economic sectors to be offered for wholesale privatisation, and *launching new products specially* adapted to east German tastes and incomes.

Bertelsmann, the west German media giant which has strong hopes of using unification to increase its newspaper activities, has followed *both options. It has teamed up with* Mr Robert Maxwell, the British newspaper magnate, to take over from the SED the Berliner Zeitung, a morning newspaper serving the eastern part of *the capital. The acquisition price* included a payment of DM200 for each one of the newspaper's 300,000 subscribers.

The market currently demands two types of publication but we don't want to launch a second class paper for the east - Eberhard Henschel, editor of the women's magazine Freundin

Gruner und Jahr, Bertelsmann's *publishing subsidiary, has* also been experimenting with special east German editions of products which are too expensive or demanding for easterners.

Gruner und Jahr's glossy life-style magazine for west Germans, Schöner Leben (Beautiful Living) is much more down-to-earth in its lower-price eastern version: revealingly, it is *called simply Leben (Living)*.

Mr Erich Böhme, a former editor of Der Spiegel, the Hamburg-based news magazine, who is now publisher of the *Berliner Zeitung, admits that it will* be difficult to cast off the newspaper's "red" image. But its circulation has remained surprisingly steady at just below 300,000.

Mr Böhme's goal is to turn it into the Washington Post of the German capital. But first he must woo western readers way from his main west Berlin competitor, the stodgily provincial Der Tagesspiegel.

Mr Böhme has hired a number of western journalists who earn twice *the pay of their eastern colleagues* – causing inevitable friction. "They both sit at one table and the easterners says to himself that the westerner is good, but not twice as good," Mr *Böhme explains*.

At the popular end of the market, attention has concentrated on a tussle for supremacy between Bild and the new east German Super tabloid *launched last year by the Burda* publishing concern and Mr Rupert Murdoch, the Australian media tsar. Super has made great efforts to pander to the east German desire to wal*low in self-pity over the economic* effects of reunification.

The newspaper has been criticised even by some voices within the Burda group for its cliche portrayals of east *Germans as innocent victims of rapacious west German carpet-baggers*. But it has lately settled down to a more steady pattern of tales of Aids victims, pin-ups on pages one and three, and heart-warming accounts of east German lottery winners. *Most* important, Super's news-stand sales of 350,000 at the cut price of 30 pfennigs *have forced* Bild to reduce its cover price too.

The more sophisticated parts of the Burda empire forswear the launching of separate products for the east. Mr Eberhard Henschel, *editor of the* Burda women's magazine Freundin (Women's Friend), admits that the market currently demands two types of publication but says, "We don't want to launch a second *class* paper for the east."

Freundin's weekly sales in east Germany, which briefly boomed to around 100,000 after the fall of the Wall, are now down *to about 17,000* – compared with 750,000 in west Germany.

Mr Henschel hopes to expand eastern sales to around 80,000 in five years' time as economic and social disparities between east and west gradually subside.

In the meantime, he is adding special supplements to Freundin copies sold in east Germany – informing readers not how to spend their money, but how to hold on to their jobs.

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WORLD TRADE NEWS

Congress ready to tie aid to US contracts

By Nancy Dunne in Washington

CONGRESS is close to passing legislation which would boost US exports by targeting millions of dollars in US aid funds towards foreign infrastructure development.

The US funds – called "tied aid" – would have to be used to buy American goods and services. This would represent a major shift in the US foreign aid programme.

The legislation reflects impatience in Congress with the talks to limit tied-aid funding under the Organisation of Economic Co-operation and Development. It was approved in the Senate last week by 99-0.

Senator David Boren, one of four powerful Democrats sponsoring the legislation, insists the other industrialised countries have been increasing the percentage of their aid "going out in the form of credits instead of in the form of cash." He has not seen "one single change by other countries in our direction."

Also sponsoring the legislation are Senator Robert Byrd, chairman of the Senate Appropriations Committee, Senator Lloyd Bentsen, chairman of the Finance Committee, and Senator Max Baucus, chairman of the Senate subcommittee on international trade.

Republican Senator Robert Dole: gave key support

They were given key support from Senator Robert Dole, the Republican leader, and other influential Republicans.

Under the legislation, funding for capital projects by the Agency for International Development (AID), the US foreign aid agency, would rise from \$565m (£335m) this year to \$750m in fiscal year 1992 and to \$1bn in fiscal year 1993.

These grants could be combined with financing offered by commercial banks and other private financing agencies.

At the same time, AID would be forced to reduce the cash transfers it has been making for foreign assistance to 60 per cent of its budget next year and then to 50 per cent in fiscal 1993.

Eastern Europe, which the administration has sought to establish as a "tied aid free zone" would get special attention under the legislation, although AID would not be required to make tied aid available in the region.

The legislation calls on the administrator of AID to:

- Undertake a comprehensive study of the infrastructure in eastern Europe, identifying those sectors in most need of rebuilding.
- Establish an eastern Europe programme within the capital projects office of AID to monitor infrastructure needs and help US companies get contracts. Particular emphasis is placed on helping US high technology firms to seek out opportunities.

Under the legislation, if a new agreement to limit tied aid is not reached within the OECD talks by the end of this year, the administration must submit a report to Congress on the status of the negotiations along with the "causes for the failure to reach an agreement by that date".

Traders draw lessons from banana saga

John Ridding on the uneven and difficult process of opening South Korea's markets

Over the past few months South Korean consumers have been going bananas. The lifting of quotas on the fruit earlier this year prompted a surge of imports and a frenzy of consumption. Carts stacked high with bananas appeared on virtually every downtown street corner as trading companies scoured Asian and Latin American markets for more and more of the produce.

But 200,000 tons later, Korean consumers have had their fill. Demand has peaked and prices have fallen by almost 60 per cent since the start of the year. Many importers have been forced to re-export their banana cargoes, or destroy them.

The banana saga provides a number of lessons. It shows that the process of opening Korea's markets is likely to be an uneven and often difficult process. It demonstrates to consumers that the removal of trade barriers results in lower prices. But most importantly, it shows that the process of liberalisation really is under way in Korea.

The opening of many of South Korea's markets for goods and services – from beef to banking – is one of the factors behind a sharp deterioration in the country's trade balance. Figures released last week showed a current account deficit of \$5.84bn for the first six months of this year – the worst half-year figures recorded. Bananas alone represented \$145m of imports, almost 10 times the amount in the first half of 1990.

The rapid deterioration in the current account, which just two years ago registered a surplus of \$5.1bn, has raised concern that the brakes will be applied to the liberalisation process.

"Imports are killing us," said a front page story in the Choson Ilbo, one of Korea's leading dailies, "We're floating in foreign goods of all description."

But government officials reject such thinking. "Some groups worry about the effects of liberalisation but we are not going to change our policies," says Mr Yu Deuk Hwan, assistant minister for trade.

There are several reasons why Mr Yu is to be believed. For one thing, the surge of imports has in several respects been in Korea's own interests.

Almost one-fifth of the \$40bn of imports in the first half were of capital goods and machinery necessary to increase the efficiency of Korean industry and revitalise its export machine.

At the same time, increased imports of consumer goods, particularly agricultural products, have helped keep the lid on inflation which has been heading for an annual rate of 10 per cent and which has been designated this year's number one economic problem.

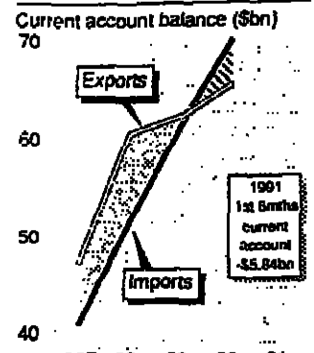
The top economic policymakers remain in favour of liberalisation. "Of course there are protectionist sentiments in some of the ministries," says one senior trade official, "but the weight of opinion in the presidential office and in the Economic Planning Board is in favour of freeing up markets."

But this is not to say that the process of opening up Korea's markets will always be as smooth or as rapid as trading partners may like. Although his counterparts in the US and the EC would likely agree with Mr Yu's assertion that trade relations have improved since the spats of last year, there remain several areas of friction.

Many are old chestnuts. The dispute with the UK over discriminatory tariffs on whisky, the demand by the EC that it be given the same protection as the US in the area of intellectual property rights and the stalemate on the opening of Korea's highly protected rice market, have all seen little progress.

At the same time, some of Korea's trading partners must be feeling somewhat left out of the trend towards freer markets. In particular, the growing trade deficit with Japan, which rose to \$3.8bn for the first five months of this year, will limit any easing of existing trade restrictions on Japanese products.

S.Korea trade



Source: Bank of Korea

Currently Korean industry is barred from importing some Japanese capital goods and machinery in an attempt to reduce the country's economic dependence on Japan and to curb the trade deficit.

"This is not in line with Gatt," admits a senior Korean trade official. "The Japanese complain, but they must be aware of their large trade surplus with us."

Similarly many of the Japanese consumer electronics products and cars which have flooded western markets are barred from South Korea.

Restrictions on imports from Japan also undermine the significance of other liberalisation steps implemented by the government. In particular, the opening of the distribution market from July 1 – which allows foreign companies to operate 10 retail outlets – is less meaningful in the light of restrictions on Japanese consumer goods.

None the less, the decision to open the distribution market shows the direction in which policies are moving.

In turn, Korean companies are reading the writing on the wall and are responding. Samsung and Goldstar, Korea's two largest electronics companies have been introducing new products and improving services.

Prices too have fallen. The removal of a special government excise tax – in response to the prospect of increased competition from overseas – means that a Goldstar Camcorder costs 18 per cent less than it did a few months ago, and compact disc players are 15 per cent cheaper.

In all these steps, from banana imports to opening the distribution market, the consumer is the obvious winner. And the more the Korean public gets a taste for foreign products the harder it will be to go back on liberalisation.

Sri Lanka orders 6 Airbus airliners

AIRBUS INDUSTRIE has announced that Air Lanka, the Sri Lankan national carrier, has placed firm orders for five long-range A340-300s and for one single-aisle A320, Reuter reports from Paris.

Air Lanka has also taken an option on one single-aisle A320.

The carrier said that deliveries of the A340s were scheduled for between spring 1994 and late summer 1995, while the first of the A320s was due to be delivered at the end of 1992.

Industry sources said that the value of the seven aircraft was about \$584m (£347m), with the A340's list price about \$100m and the A320's list price about \$42m. An Airbus spokeswoman declined to comment on the price of the contract.

Airbus said in a statement that Air Lanka would use the A340s on its long-haul international network, offering a non-stop service from its Colombo base to Europe, Australia and Japan.

Airbus said it had a total of 245 firm orders for its A330 and A340 widebody jets, while firm orders for the A320 and A321 family now stood at 799.

Cocom rules will be reviewed, say Soviets

PRESIDENT George Bush has agreed in principle to review Cocom rules restricting the sale of high-technology western goods to Moscow, a senior Soviet official was quoted as saying, Reuter reports from Moscow.

The official news agency Tass quoted Mr Vladimir Shcherbakov, first deputy prime minister, as saying the matter was discussed during Mr Bush's summit talks with President Mikhail Gorbachev in Moscow last week.

Cocom, the Paris-based Co-ordinating Committee for Multilateral Export Controls, was set up in 1949 to prevent the export to the Soviet Union or its communist allies of technology which could be used for military purposes.

The restrictions have been modified but they remain largely in force despite the end of the Cold War and the collapse of communist rule in most of eastern Europe.

Mr Shcherbakov, deputy to Soviet Prime Minister Valentin Pavlov, stressed the importance of revising the Cocom list for the future of western investment in the Soviet economy.

"Unless the Cocom list is withdrawn, our investment co-operation with the west cannot be serious," he said.

"Unless this problem is resolved, products manufactured by joint ventures cannot be competitive. Not a single western enterprise will invest in obsolete production. We reached mutual understanding that the Cocom restrictions are unjustified in current conditions. President Bush said in principle that it was time to take action to resolve this problem," Mr Shcherbakov said.

Mr Shcherbakov said it was too early to say which restrictions could be withdrawn.

Rover cars for Siberia in £50m barter deal

By Paul Cheeseright, Midlands Correspondent

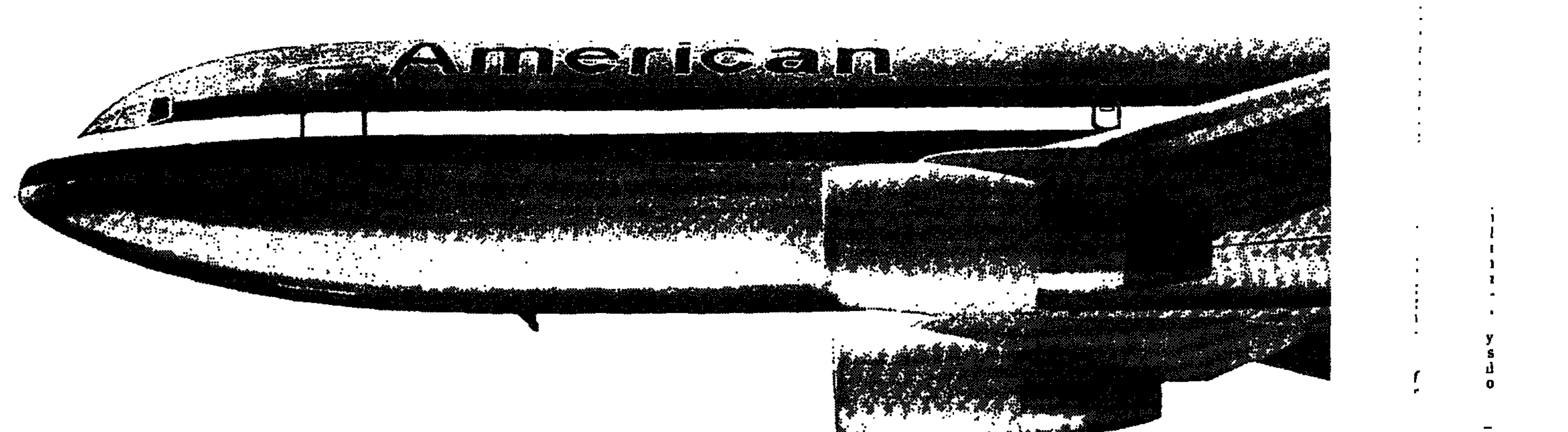
ROVER, the UK carmaker which is launching its Montego and Maestro models in the Soviet Union, is to finance the deal through a barter arrangement worth up to £50m brokered through Orbicom, the Anglo-Soviet trading company based in Shrewsbury.

Orbicom has obtained an order from the regional government of Siberia for 4,800 vehicles, each of which has a British showroom value of up to £10,000. But Rover will manufacture the cars to specifications which take into account Siberia's extreme climate and the uneven roads.

Mr Mark Jones, the managing director of Orbicom, yesterday explained that the Siberian regional government would pay Orbicom with liquid natural gas while Orbicom would sell this gas on the open market in order to pay Rover.

Rover described the sales arrangement as "very much toe in the water," noting that under present trade regulations it was barred from selling cars directly in the Soviet Union.

Orbicom, however, has signed a protocol with NAMI, the Soviet organisation responsible for controlling the standards of imported cars and the conditions of their sale. This provides for the establishment of a Rover test centre in Moscow and for the basis of a retail distribution network.



HK studies plan for rail link to China

By Angus Foster in Hong Kong

HONG KONG is studying proposals to build a new freight rail link from the colony's container port to China.

The railway, which would probably not be completed this century, could form an important transport link through China's southern provinces and into the country's hinterland.

The Kowloon Canton Railway Corporation (KCRC), the government-owned operator of overland rail services in Hong Kong, has appointed two consultants to examine engineering and financial aspects of the link. This follows agreement last month between Britain and China on Hong Kong's HK$98.6bn new airport and related infrastructure projects.

The consultants will study two locations for freight terminals, one at the existing Kwai Chung container port and the other on the island of Lantau, where the new airport and future port development will be based. The Lantau option *would be more expensive as it* would need a bridge crossing to the new port developments, for which a rail link has already been planned.

Hong Kong is the world's second largest container port while China is the colony's biggest trading partner, taking 25 per cent of the colony's total exports and supplying 37 *per cent of its imports last* year.

But only about 10 per cent of cross-border trade is carried by rail as the existing line – running along Hong Kong's west coast – is almost fully utilised during the day by passenger trains. Most trade with China is carried by road or sea and river traffic.

A preliminary government study in 1989 dismissed the freight link as economically unviable. But with the growth of Hong Kong-China trade and moves by China to upgrade its rail system, the KCRC now believes the link would be profitable.

China has been consulted but has not yet agreed to the project or indicated where a freight terminal on the Chinese side would be located.

Police consider role for Gurkhas

HONG KONG'S police force is to consider recruiting Gurkha soldiers facing redundancy, in an attempt to stem police recruitment problems, writes *Angus Foster.*

Mr Tom King, British defence secretary, announced last month plans to cut the Gurkhas' strength from 8,000, of which 5,000 are in Hong Kong, to 2,500 by 1997.

The Royal Hong Kong Police Force is short of about 1,800 officers.

Party to capitalise on Pretoria's loss of stature after Inkathagate

ANC presses for early start to negotiations

By Philip Gawith in Johannesburg

THE African National Congress (ANC) has given clear notice of its desire for an early start to constitutional negotiations *as it seeks to capi*talise on the South African government's loss of stature in the wake of the Inkatha funds scandal.

Having previously maintained that constitutional talks could not start until the issues of exiles, political prisoners and violence had been resolved, the ANC now argues *the best way to address these* topics is by having an unbiased interim government in place.

This would follow from a *multi-party conference, which* the ANC would like to see taking place as soon as possible. The earlier demands remain, but they are no longer seen as reasons to delay the start of talks.

Mr Patrick "Terror" Lekota, a member of the ANC national working committee (NWC), says the change in tactics results from the *slush* fund scandal which undermined the ANC's faith that the government was willing and able to remove obstacles to negotiations.

The organisation concluded *it was not wise to "predicate* the start of the negotiating process on what the regime was capable or not capable of doing".

Further evidence that the ANC is preparing itself for *negotiations* came with the weekend announcement on the structure of the NWC, the group's inner cabinet.

The most significant feature is that Mr Cyril Ramaphosa, recently elected secretary-general, is to be released from day-to-day responsibilities of running the ANC in order to "convene" a powerful negotiating team consisting of himself, Mr Thabo Mbeki, Mr Joe Slovo and Mr Mohammed Valli Moosa.

The composition of this team, which includes some of the ANC's leading personalities, illustrates the ANC's seriousness of purpose and probably marks the end of the tactical dominance which the government has established over the past 18 months.

Although the ANC and Pretoria disagree about the extent of powers an interim government will enjoy, there is agreement over the need for "transitional arrangements". The ironic outcome of the Inkatha affair is that despite being a low-point in government/ANC *relations, it* has hastened the start of substantive talks about a new constitution.

Manila captures top rebel leader

By Greg Hutchinson in Manila

PHILIPPINE police captured the country's top communist guerrilla late yesterday in a Manila hospital.

The arrest of Mr Romulo Kintanar, chief of staff of the New People's Army (NPA), and his wife, Ms Gloria Jopson, also a party member, weakens an insurgency group which has seen *10 key figures taken into* custody recently.

Better co-operation between the police and military – *which has the intelli*gence edge – is credited for the upsurge in arrests. The Kintanar couple were seized at the Makati Medical Centre where, according to policemen, they had been undergoing cosmetic surgery.

On television after his arrest, the 42-year-old outlaw said he was at the hospital for blood pressure and eye checks. He had puffy cheeks and wore a recent perm. According to one arresting officer who knew him from a previous encounter, Mr Kintanar had already had surgery on his nose.

The man – a classical pianist – is one of the most colourful members of the communist movement. Mr Kintanar returns to jail nearly three years after escaping by persuading his jailers to let him out for a birthday party.

Mr Kintanar pioneered NPA urban assassinations on the southern island of Mindanao in *the 1970s.* In 1987 he was believed to have assumed command of the NPA.

Guerrilla chief Romulo Kintanar after his arrest yesterday. His capture is a blow to the insurgent New People's Army

Iraq admits germ warfare tests

IRAQ HAS admitted it briefly carried out experiments in germ warfare but said work *ceased soon after* the start of the Gulf crisis last year, Our Middle East Staff writes.

A Foreign Ministry spokesman said yesterday a *United* Nations inspection team had been informed there was a laboratory for biological research for military purposes sited within a general research establishment.

"Iraq dropped *this biological* research completely in autumn 1990 because of the possibility of an attack by the US and its allies," the ruling Ba'ath party newspaper al-Thawra quoted the spokesman as saying.

Under terms of the ceasefire imposed on Iraq after its Gulf war defeat at the end of February, Baghdad must declare and scrap all weapons of mass destruction.

Iraq denied having biological weapons on May 14 in a declaration to the UN special commission monitoring Iraqi observance of the terms of the ceasefire.

A team of UN inspectors *looking for evidence of germ* warfare research arrived in Iraq on August 2, a year after President Saddam Hussein's army marched into Kuwait.

● Iraq has handed back the first tranche of up to $700m of gold looted from Kuwait, the emirate's Central Bank governor said.

Sheikh Salem Abdul-Aziz al-*Saud al-Sabah said* the handover began early yesterday at the Iraq-Saudi border post of Arar.

All the missing bullion – 3,216 gold bars with a value of between $600m and $700m – had been accounted for, Sheikh Salem said.

Up to $100,000 payments for victims of invasion

PAYMENTS ranging from $2,500 to $100,000 500) for victims of Iraq's invasion of Kuwait have been recommended by the governing council of the *compensation fund* set up by the UN, writes William Dullforce in Geneva.

But Mr Philippe Berg, council chairman, said yesterday no payments could be made until the UN sanctions committee *decided* Iraq could restart oil exports. At present the compensation fund had no money.

Under UN Security Council resolution 687, which Iraq has accepted, Baghdad is liable to make good individual, environmental and industrial losses resulting from its occupation of Kuwait.

The Security Council stipu*lated Iraq must* pay *part of* its oil revenues to the compensation fund. Mr Javier Pérez de Cuéllar, UN secretary-general, has suggested this should be fixed at 30 per cent, but no limit has yet been set.

Mr Berg said a payment of *$2,500 would be made to* any person who had to leave Iraq or Kuwait between August 2, 1990 and March 2, 1991; suffered serious personal *injury*; or whose spouse, child or parent had died.

For deaths or personal injury, priority would be given to larger claims for up to $100,000 per person for loss of *income, support, housing,* personal property, medical expenses or costs of departure.

● The International Committee of the Red Cross said yesterday it wanted to obtain as quickly as possible information on the names and graves of thousands of Iraqi soldiers killed in the Gulf war.

S African maritime court to inquire into sinking of liner

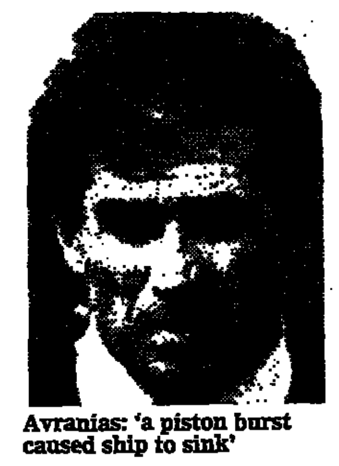
By Philip Gawith

THE South African government has appointed a maritime court to investigate how the Oceanos passenger *liner, which was carrying* 580 people, sank on Sunday.

The cause of the accident, which occurred off the Transkei coast, is not yet clear, although Mr Yannis Avranias, the ship's captain, is reported to have said that an engine piston burst, piercing a hole in the ship, and it was this which later caused the liner to sink.

Officials of the TFC group, which chartered the Greek-registered ship from Epirotiki Lines, its owner, for a cruise from East London, said yesterday that all passengers and crew were *safe and accounted* for.

Passengers have praised the rescue efforts of the South African air force and various merchant ships which went to the Oceanos' aid. The liner had run into trouble near Coffee Bay late on Saturday night.



Avranias: 'a piston burst caused ship to sink'

The incident is the largest involving shipping off the South African coast since the Second World War.

The rescue effort, involving 13 helicopters and three aircraft, was also described as the largest mounted in the country.

However, the captain and some of his crew have been criticised for leaving the ship while some passengers still remained on board. Mr Avranias said he left the ship to help run rescue operations from shore.

The weather office reported *that* winds of up *to* 135km per hour were blowing in the area on Saturday.

Police in the Eastern Cape have confirmed that an anonymous caller warned on Friday evening that there was a bomb *in a wedding cake* on board the ship.

TFC officials searched the ship later that night when it returned to East London from a short pleasure cruise. But they found no bomb or wedding cake.

The coastal area between Port Edward on Natal's south coast and Cape Agulhas, the southern-most point of Africa, is one of the most dangerous sea routes in the world.

It is estimated that about 1,500 wrecks litter the shores.

Boat people talks resume tomorrow

By Angus Foster in Hong Kong

BRITAIN and Vietnam are due to resume informal talks in Geneva tomorrow on setting up internationally-managed holding centres in Vietnam for Vietnamese boat people now camped in Hong Kong.

Hong Kong and Britain hope the centres could *relieve Hong* Kong's overcrowded camps and provide a way around US objections to sending non-volunteers back to Vietnam. More than 62,000 boat people are in Hong Kong. Less than 6,000 have been *approved* as genuine refugees.

British diplomats reported "encouraging progress" with Vietnam in earlier talks, also being attended by representatives from the UN High Commission for Refugees and the International Organisation for Migration.

But Vietnam has yet to agree *to the principle of set*ting up international centres on Vietnamese territory. Aid workers in Hong Kong point out many boat people will only return to centres in Vietnam if they are forced to, and that *would ignite US opposition to* the scheme. Few in Hong Kong believe the centres can solve the boat-people problem, since that depends on improving Vietnam's economic outlook.

More than 15,000 boat people have landed in Hong Kong this year, the most since 1989 when 34,505 arrived. Warnings have been sounded of violence in the camps and calls for the scrapping of Hong Kong's policy of first asylum, under which no boat people have been turned away. Some of the calls have been designed to placate angry local opinion.

Officials in Hong Kong have always maintained first asylum would not be abolished unless the camps became unmanageable. Even then, the Hong Kong and UK governments may be reluctant to can*cel the policy because of the* potential outcry. Hong Kong wants agreement with Vietnam quickly, so centres can be in place in time for April, start of the next sailing season.

Kenya ruling party in threat to campaigners

KENYA'S ruling party has dismissed as illegal a new *forum to campaign for a return* to multi-party democracy, and said its founders would be "dealt with according to the law", Reuter reports from Nairobi.

A statement broadcast on *state* television late on Sunday by Mr Joseph Kamotho, Kenya African National Union (KANU) secretary-general, said *last* week's formation of the Forum for the Restoration of Democracy (FORD) was illegal.

Opposition parties are banned in Kenya under a 1982 constitutional amendment.

Founders of the six-member *forum include Mr Oginga* Odinga, a former vice-president; Mr Masinde Muliro, an ex-cabinet minister; and Mr Martin Shikuku, another former member of parliament.

At the forum's launch last Friday, Mr Shikuku said the group of prominent dissidents wanted the restoration of democracy and human rights in the country.

But Mr Kamotho discounted their move, saying: "No sane Kenyan will subscribe to bogus forums like the one formed by Odinga".

Mr Odinga, 80, tried to form an opposition party called the *National Democratic Party* (NDP) in January, but its registration was turned down by the government.

Despite the tide sweeping Africa in favour of multi-party democracy, President Daniel *arap Moi has repeatedly* rejected calls for pluralism.

The president has justified his opposition by saying such calls would divide Kenya along tribal lines and cause chaos.

'Double-dip' thesis gathers pace

Michael Prowse examines the pattern of US economic recovery

ONE of the most sluggish economic recoveries in recent US history is probably still underway. But the odds of a relapse into recession are growing shorter as both industrial and monetary data begin to signal contraction.

On Friday, news of a decline in payroll *employment in July* – the second successive monthly decline – shook the confidence even of pronounced optimists. On Wall Street, bond prices surged as traders betted that the Federal Reserve would be obliged to cut interest rates again, perhaps before the next meeting of the policy-making Open Market Committee on August 20.

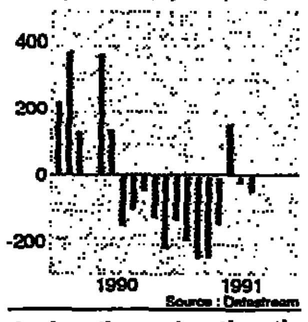
The weak employment report was especially damaging to confidence because it seemed to corroborate a contractionary message from the US monetary aggregates. M2, a closely-watched measure of broad money, has actually fallen slightly since May and now languishes at the bottom of its 2.5-6.5 per cent target range. Many private sector economists worry that if the Fed does not move swiftly to *revive monetary growth, the* weak recovery will sputter out.

Mr Michael Boskin, chairman of President George Bush's Council of Economic Advisers, while confident that recovery is still underway, *shares their* concern about *the* implications of stagnant monetary growth. "Unless money growth picks up very soon, the Fed will have to act," he said in an interview. The White House wants to see M2 growth rapidly restored to at least the centre of its target range.

Sentiment in financial markets has shifted rapidly. A month ago, the "double dip" thesis – the notion that the economy would decline a second time later this year – had few adherents. The consensus was firmly in favour of sluggish but steady recovery: growth of 2-3 per cent rather than the 6-7 per cent typical in the first year of US recoveries.

US Employment

Civilian labour force changes, non agricultural payrolls ('000)



But confidence was eroded by a series of weak statistics. The economic rebound in the second quarter was milder than expected: real gross national product grew at an annual rate of only 0.4 per *cent, having fallen at 2.8 per* cent and 1.6 per cent in the preceding two quarters. Factory orders – a leading indicator of production – unexpectedly fell in June.

Consumer confidence slipped *last month, having moved side*ways since rebounding at the end of the Gulf war. A steady decline in claims for unemployment insurance began to reverse in mid July, raising doubts about job prospects.

Friday's employment report crystallised these doubts. The drop in the unemployment rate to 6.8 per cent from 7 per cent in June gave a misleading impression of underlying trends. The worry was not just a 51,000 drop in non-farm jobs (following a 21,000 contraction in June) but a shrinkage of the average work week, from 34.5 hours to 34.1 hours. The length of the work week is regarded as a reliable indicator of business activity.

*But recent data, while disap*pointing, by no means guarantee an economic relapse. Employment has often fallen in one or two months following the onset of recovery. The declines in June and July, moreover, were too small to be significant. The fairest interpretation of events is that the labour market has stabilised after a sharp contraction in the winter and early spring. Meanwhile other statistics remain mildly encouraging.

The purchasing managers' index – a closely-followed gauge of industrial activity – rose in July for the sixth consecutive month. The Commerce Department's composite index of leading indicators so far provides no hint of a "double dip": in June it registered its fifth successive monthly increase. Industrial production *has risen three months run*ning. Sales of new homes rose sharply in July, suggesting that the housing recovery is still underway.

Looking back, two things are clear. The end of the Gulf war, *falling oil prices* and sharp cuts in interest rates boosted consumer confidence and stabilised the economy in the second quarter. At the same time sharp cuts in inventories (especially in the car industry) brought stocks of goods into line with demand, prompting a revival of production.

The question is whether the fragile momentum of recovery can be sustained. Mr Boskin's answer is a confident yes. "Mixed data are common in the early stages of recovery," he says soothingly. He has a right to be taken seriously, having so far produced uncannily accurate forecasts. GNP in the second quarter, for example, was within a few hundredths of a percentage point of the White House forecast.

Boskin: confident

But the increasing pressure being brought to bear on the Fed suggests the confidence is only skin-deep. Credit contraints continue to bite in some sectors and regions. State and local governments are busily retrenching. Personal savings rates are very low, making a sustained recovery of consumption wholly dependent on employment growth – which is stubbornly negative. Sluggish economic growth is still likelier than no growth, but the call is getting too close for comfort.

Contracts for F-22 fighter

By Martin Dickson in New York

THREE aerospace groups – Lockheed, Boeing and General Dynamics – were yesterday awarded a $9.55bn (£5.7bn) contract for development of the F-22, planned to be the next generation of radar-evading US jet fighter aircraft.

Lockheed and its partners were selected by the Air Force to develop the F-22 in April, defeating a team led by Northrop after a five-year competition. The contract could ultimately be worth $95bn, which would make it the largest yet defence deal.

Lockheed said the initial contract called for refinement and completion of the aircraft's internal and external configuration and production of nine single-seat and two tandem-seat aircraft. The first flight of the initial aircraft is scheduled for mid-1995.

Inflation slows in Argentina

The monthly inflation rate in Argentina tumbled to a five-year low of 2.6 per cent in July, compared with 3.1 per cent in June, the government has announced, writes John Barham in Buenos Aires.

This follows efforts by Mr Domingo Cavallo, the economy minister, to balance the budget and avoid printing money to finance overspending.

Prices this year have risen 74.2 per cent, although the rate of increase slowed sharply in April when Argentina adopted anti-inflation legislation that tied the exchange rate to the US dollar.

Homicide risk in US has doubled over 30 years

Senate detects rise in murders

By Peter Riddell, US Editor, in Washington

NEARLY 24,000 people are likely to be murdered in the US this year, a slight increase on 1990 and continuing the upward trend of the past four years.

A Senate judiciary committee report predicts, on the basis of first-half trends, that 23,700 people will die as a result of homicide in 1991, an increase of 260 over the previous year.

There is a highly uneven geographic pattern with 21 states facing increases in murders, 18 states showing a decline and 11 states plus Washington DC reporting little change.

No one is quite sure why these variations are occurring. For instance, in Michigan, including the particularly violent city of Detroit, the number of murders *is* projected to drop by 13 per cent to 850 and by 18 per cent to 1,140 in Florida, while in Texas a 12 per cent rise to 2,690 is forecast.

Despite the rising trend the rate of murders this year is *forecast to fall short* of the record level set in 1980

Senator Joe Biden, chairman of the judiciary committee, blamed drugs and the mayhem caused by hard-core drug addicts and dealers; deadly weapons, particularly the easily available *military-style* assault weapons; and demographics, fuelling a growth in violent teenage gangs.

The senator argued that these projections underlined the need for passage of pending legislation for a waiting period for handgun purchases and a ban on military-style assault rifles.

However, the *pro-gun lobby*, led by the National Rifle Association, says only one-half of one per cent of homicides are committed with semi-automatic rifles and points to the drop in murders in several states as evidence that there is no direct correlation between the availability of guns and killings.

The *risk of being murdered* has doubled over the past 30 years but the forecast rate for 1991 – 9.5 per 100,000 people – is short of the record of *10.2* set in 1980.

The highest rate is in Washington DC where murders average more than 80 per 100,000 people.

OBITUARY: DEAN BURCH

Republican and Intelsat chief

MR Dean Burch, 63, director *general of Intelsat, the interna*tional telecommunications consortium, and a former Republican party official, died on Sunday of cancer.

His death leaves Intelsat without an elected head at a time *when it is undergoing* far-reaching changes. New members have been joining – including, most recently, the Soviet Union – and the organisation has had to cope with increased competition from *fibre-optic cable and* separate satellite systems.

Mr Mohamed Mulla, chairman of Intelsat's board of governors, praised Mr Burch for his "wise and pragmatic leadership over the past four years". President George Bush hailed him as a "personal adviser and counsel" for many years who had helped in political campaigns, in "governing and in various aspects of our *family life*".

Mr Burch, a conservative Republican lawyer, came to prominence when most of the party was more moderate. He headed the Republican National Committee during the disastrous presidential campaign of Senator Barry Goldwater in 1964. He later became counsellor to presidents Richard Nixon and Gerald Ford.

He served as chairman of the Federal Communications Commission from 1969 to 1974 and held other posts in the field of tele*communications.*

The Intelsat board is to meet in September to decide on procedures for choosing a new director general. Mr Burch had been elected to a six-year term, which expires in April 1993.

It is possible that Mr John Hampton, the deputy director general for operations and engineering, an Australian, will serve as acting head of the consortium until the current term is completed.

Nancy Dunne

THE BCCI SHUTDOWN

BANK FOUNDER

Raid reported at Abedi's London home

By Andrew Jack

THE LONDON home of Mr Agha Hasan Abedi, the founder and former president of BCCI has been raided by officials investigating allegations of fraud into the bank.

According to sources close to *the family, the officials* visited the house in north London last Friday evening and took away a suitcase of documents in a move which appears to throw Mr Abedi back into the spotlight.

The sources believe the raid was conducted by the Serious Fraud Office. The documents are likely to have been taken *to the SFO's headquarters* in central London for examination.

The SFO, which announced that it was launching an investigation into BCCI on July 8, would neither confirm nor deny the raid. "We do not comment on operational matters," it said.

The files taken away are *believed to include* information on BCCI and ICIC, the Cayman Islands group controlled by BCCI. The suitcase is believed also to have contained minutes of meetings between Mr Abedi, Mr Swaleh Naqvi, *former chief* executive officer of BCCI who is currently in Dubai, and Mr Zaffar Iqbal, Mr Naqvi's replacement, which put Mr Abedi's views on record.

Friends of the Abedi family insist that the bank's founder, who lives in Pakistan, knew nothing about the alleged fraud and that he is the victim *of others within the bank.*

Mr Abedi's house, which has a 24-hour guard, is at the end of a short cul-de-sac in Harrow-on-the-Hill. One neighbour said several unmarked white cars which she believed contained *police had visited the house* over the past few weeks.

The Bank of England notified the SFO of concerns about BCCI *only when it closed the* bank on July 5. It then passed a series of documents on to SFO officers.

SFO inquiries tend to focus on a small number of large and complex suspected frauds.

TOKYO

Emergency support for Japanese credit union

By Stefan Wagstyl in Tokyo

THE CLOSURE of BCCI has forced a small Japanese credit union to seek emergency support from two larger financial institutions.

The move is the most significant *effect so far of the BCCI* affair in Japan. Other depositors at the Tokyo branch of BCCI include big companies which seem large enough to absorb their losses.

Tokyo Shogin Credit Co-operative, which caters largely for Koreans living in Japan, disclosed it had a Y12.5bn (£53.9m) deposit at BCCI's *Tokyo branch, which* was closed at the same time as most of the rest of BCCI's *worldwide operations.*

In order to maintain depositors' confidence, Tokyo Shogin said it had arranged a line of credit from Daiwa Bank, a leading commercial bank, for Y17bn and with the National Federation of Credit Co-operatives, the umbrella organisation of credit unions, for Y10bn.

The support is a typical Japanese-style rescue in which stronger institutions rally around a weaker one.

WORLD ROUND-UP

Bangladeshi protestors demand money back

HUNDREDS of Bangladeshi BCCI depositors held a rally in Dhaka yesterday to demand their money back.

Many parents brought their children to the rally, organised by the BCCI Depositors' Association which has threatened to start a 10-hour *daily* hunger strike from today unless prompt action is taken.

Nearly 250 bank clients gathered outside the main Bangladeshi branch of BCCI in the Motijheel commercial district.

"It is now a month BCCI has been closed. How long can we wait?" a protester shouted. "We are small depositors, our survival is at stake."

Bangladesh Bank, the country's central bank, shut down BCCI on July 6, saying all operations of the bank would remain suspended in the public interest until further notice.

INDIA: *Mr Manmohan* Singh, India's finance minister, will make a statement to parliament today on charges that aides of former prime minister Mr Rajiv Gandhi held secret accounts in BCCI and that the bank helped senior government officials and industrialists move money out of the country.

The *government* has come under increasing pressure from Mr Rabi Ray, a member of the opposition National Front alliance, who says the government was aware of slush funds held in the Indian branch of BCCI.

The Indian Express newspaper reported on Saturday that the Senate sub-committee investigating BCCI was told that some Indian businessmen and aides of Mr Gandhi held tens of millions of dollars in secret accounts with the bank.

EGYPT: The *Egyptian* central bank has dissolved the board of a BCCI affiliate and installed an administrator to try to shore up confidence in the local bank which has been hit by a run on deposits.

Mr Abdel-Ghani Gamie, head of Egyptian-American Bank, said yesterday that his task as administrator was to protect the interests of depositors in the Bank of Credit and Commerce Misr (BCCM), which he described as "solvent."

Depositors withdrew some $15m from BCCM, which is 51 per cent Egyptian-owned, in early July *after reports of massive* fraud involving the Luxembourg-based BCCI.

The local bank has put a ceiling of $1,000 (£589) on withdrawals for the time being.

JORDAN: The country's central bank has given local banks first option to buy the three local branches of BCCI.

If one of the local banks does not make an *acceptable offer* by next Sunday, the central bank will allow another buyer to operate the bank under a new name.

The central bank made the offer at a meeting with representatives of seven local banks last Thursday.

One of the bankers at the meeting said: "We were given 10 days to decide whether anyone wants to make an offer. Whoever bids most will get it."

Bankers say a sale is possible *because* unlike BCCI branches in many other countries, the branches in Jordan are solvent.

The branches have total assets of JD79m (£69.5m) and outstanding liabilities of *JD20m.*

LUXEMBOURG: The country's Monetary Institute has asked Abu Dhabi to compensate BCCI depositors in the Grand Duchy where the scandal-hit bank was based, Reuter reports.

Mr Jean Guill, institute director, said yesterday: "We sent a fax to Abu Dhabi last week *asking that a similar* [compensation] system to that in London should be set up in Luxembourg."

The move followed the establishment of a voluntary compensation scheme for BCCI depositors and employees in the UK funded by BCCI's majority shareholders, Abu Dhabi ruler Sheikh Zaid bin *Sultan al-Nahyan and the Abu* Dhabi government.

Meanwhile, the Dutch central bank denied that it had asked Abu Dhabi to compensate BCCI depositors in the country.

Sit down: BCCI depositors at the rally in Dhaka yesterday

SHORT-TERM DEPOSITORS

Company fears the loss of £1.5m pension trust fund

By Chris Tighe

AN ASIAN company *fears it* may have lost its entire £1.5m pension trust fund which was on deposit with Bank of Credit and Commerce International at the time of the bank's closure.

The *Bhullar family, owners* of Leeds-based Wetherby Fashions Ltd, invested the money for a short-term period to take advantage of BCCI's above-average interest payments.

The £1.5m represented much *of the profits of* the *£12m-a-*year turnover company, founded 16 years ago by Mr Kawal Singh Bhullar.

Any employee who stayed with the company until retirement would have been eligible for pension payments from the fund, a non-contributory scheme, but the main beneficiaries would have been the *Bhullar family.*

The first victim of the possible loss is Mr Bhullar senior, the 62-year-old founder of the wholesale clothing company, who retired two years ago. The pension payments he had been *receiving from the fund have* now stopped.

"It's been a very bad blow after all the hardship we've had; we have worked very *hard," said Mr Bhullar's son* Ajmair "John" Bhullar, the managing director.

The family said they had been devastated to hear of BCCI's closure."It was a very sad occasion."

Wetherby Fashions' business account is with National Westminster Bank, so the company's daily operations are unaffected by BCCI's closure.

The business made a one-off payment each year into the *pension fund,* which was moved between banks to benefit from higher interest rates.

The money, previously held in National Westminster Bank, had been placed with BCCI for nine months, and was due to be moved on August 1.

Mr John Bhullar said the family were still trying to recover from the *shock* of their possible loss.

However, with business continuing as usual, he said he is confident that he and his father would not be forced to sell their cars with personal *number plates – a cream* Bentley for Mr Bhullar senior and a grey Mercedes for his son. "Touch wood, things aren't that bad yet."

ASIAN BUSINESSES

Entire community is hit by closure

By Chris Tighe

VIRTUALLY no Asian business in Britain has escaped the adverse effects of the BCCI closure, says Mr Narang Singh, *founder and proprietor of one* of the community's biggest businesses.

Mr Singh, who operates a cash-and-carry warehouse in Bradford and a wholesale fabric company in Hayes, west London, can count himself lucky – he kept his main business account with Yorkshire Bank. Unlike many much *smaller entrepreneurs* in the Asian business community, therefore, he can continue trading as usual. He can also withstand the loss of part of the £23,000 he had in a BCCI account.

But his £15m-a-year turnover business, Narang Singh Ltd, is still affected by the bank's closure. Many of its customers banked with BCCI and are now suffering serious cashflow problems.

"There's *nobody in* the Asian community who isn't affected, directly or indirectly," he says. Some people, he adds, have also seized on the BCCI closure as an excuse for deferring payment.

Mr Singh's 15-year-old business is typical of many Asian enterprises in dealing widely with other *members of* the Asian community. He attracts customers – very many of them small shopkeepers – from a 20-mile radius around Bradford. Many of them have been affected. "They have come and asked for extended credit," says Mr Singh. Do they get it? He smiles a little wearily. "*It's part of the* game."

Mr Singh, who employs 70 people, is confident his business will not suffer as a result of his customers' difficulties. But he is angry that this week's court proceedings did not lead to BCCI's winding up; *he fears the four-month delay* will simply prolong the agony. Customers who – had BCCI been wound up – would have received up to £15,000 will now be paid just £5,000 in provisional compensation.

The consequence, Mr Singh fears, is that they will be unable to clear their debts until next year. He would have preferred to get £15,000 of his £23,000 now, instead of having to wait. "This means I've lost £18,000 instead of £8,000. And who is going to get the interest?"

Fellow Bradford businessman, Mr Nirmal Singh, an active Conservative and prominent member of the local Sikh community, runs the wholesale Nirmal Razai Mart. Many of his customers banked with BCCI, though he personally *had just* £26 in a BCCI account.

Some of his oldest customers now owe him between £3,000 and £4,000 – and they have no prospect of obtaining credit with other banks since the *deeds of their properties are* held by BCCI as security. "What can you do?" asks Mr *Nirmal Singh*, who employs about 15 people. "You can't force your customers to pay straight away. You have to give them a chance. I can survive even if they don't pay me."

He estimates he is now owed around £20,000 by customers affected by the BCCI closure. "I keep asking them on the phone and writing letters. You can take them to court, but how can they pay the money when the bank has the deeds?"

UK NEWS

HEALTH

US-owned hospital to cost £180m

PLANS to build a large US-owned private hospital in Scotland took a further step forward yesterday amid protests from opposition MPs.

Mr Ian Lang, Scottish Secretary, announced the £180m, 260-bed hospital will open in Clydebank, near Glasgow, in four years' time, creating up to 4,000 jobs.

The venture, which was first announced four years ago by Heath Care International, is planned as a high-technology operation for overseas patients only.

It will be run along the lines of a teaching hospital and will employ large numbers of consultants and physicians from the US and Europe.

But Mr Alex Salmond, leader of the Scottish National Party, demanded the government disclose how much public money had gone into the venture.

Mr Salmond said: "This hospital will be a constant reminder of how inadequate the NHS has become, compared to what money can buy for the rich."

Mr Charles Kennedy, the *Liberal Democrat health* spokesman, said the hospital could lead to a fragmentation *of the state-run health service.*

The hospital is modelled on big US university teaching hospitals, *offering the latest* facilities to patients from Europe and the Middle East.

Tories pursue health reforms

By Alan Pike, Social Affairs Correspondent

THE government yesterday stepped up efforts to make all hospitals in England self-governing trusts with a call to managers throughout the *state-run National Health Service* (NHS) to join a "gathering momentum of change."

A second wave of 113 hospitals and other services have applied to become trusts from next April – *joining the first* wave of 57 trusts which have been managing their own *affairs since this April.*

Mr Stephen Dorrell, junior health minister, yesterday wrote to all remaining eligible hospitals and services urging them to consider joining a third wave of trusts from April, 1993.

Mr Dorrell's letter shows the government wants the trusts – which are run by their own directors with freedom from health authority control – to become the standard form of local NHS management. It also reflects political determination to maintain the momentum of this year's health reforms through the general election campaign, even though opposition parties believe the government is vulnerable on health policy.

By next April about one-third of *NHS* services in *England will be* run by trusts and Mr Dorrell says in his letter he is "confident that the *third wave will result in the* majority of NHS activity having been restored to local man*agement and control.*"

Critics fear that competition between trusts will lead to badly-balanced health care provision. This is a particular problem in London where four more of the capital's teaching hospitals – St Mary's, King's College, St Thomas' and St Bartholomew's – joined the list of applicants yesterday.

Managers interested in join*ing the third wave of trusts* have to express interest to the Department of Health by Sep*tember 16. Community health* and ambulance services, as well as hospitals, are eligible to apply.

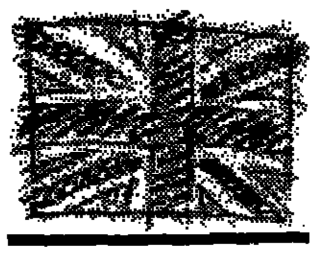
Mr William Waldegrave, health secretary, will decide in the autumn which of the *113* hospitals and other services among the second wave applicants *should be allowed to* become trusts. Coopers & Lybrand Deloitte, the UK *accountancy firm, has been* retained to advice on the financial aspects of the applications, *but critics have accused the* government of ignoring evidence that a number of first wave *applicants* faced financial difficulties.

Opponents of trusts say they *will be used to fragment health* care provision and run the government's new internal market *system of funding health care on more* competitive, commercial lines.

The decision to press ahead with more trusts comes within a fortnight of a decision to *begin operating the internal* market on more competitive lines from next April.

Seeking change: St Thomas' Hospital, opposite parliament, wants to manage its affairs

BRITAIN IN BRIEF



US company to join UK gas market

Amerada Hess, the independent US oil company, *has set up a gas marketing* arm in the UK to compete with British Gas in selling gas to industrial and commercial customers.

Amerada Hess currently produces 600m therms of gas a year or 4 per cent of the UK's total.

The new marketing company will sell 140m therms of gas over the next 3 years of which part will be supplied by swapping gas with British Gas.

German groups plan investment

Two German companies, Siemens and MBM are making investments in the west Midlands.

Siemens Lighting, part of Siemens, the international engineering group, is spending £5.5m on its plant at Witton, Birmingham. The move will safeguard 120 jobs and create 22 new posts.

MBM Metallbau Mockmuhl of Stuttgart, which makes metal, steel and glass products for the construction industry, expects to create 120 jobs in the next five years through a £3.8m investment in a plant at the Woodgate Business Park, Birmingham.

Food retailer cuts prices

Tesco, the British food retailing group, cut prices of a wide range of *items* by up to 50 per cent in a one-month campaign designed to boost sales of products which it sells under its own label.

Liberals back reform package

Reform of Britain's constitution, including decentralising government and introducing regional income taxes, is essential if economic problems are to be tackled, according to a new Liberal Democrat Party paper.

Regional elected governments and parliaments for Scotland and Wales would tailor economic policy to the needs of different areas, said Mr Robert Maclennan, the party's home affairs spokesman.

Mr Maclennan said proportional representation would create political stability and currency stability could be obtained by the eventual move to full European monetary union with a single currency.

Mobil to expand plant

Mobil, the UK arm of the US oil company, announced the go-ahead of an expansion at its gas processing plant at St Fergus, Scotland, after the project was granted planning permission. When the £300m expansion is complete in 1994, it will handle 20 per cent of the UK's daily gas needs.

MoD officials face job threat

More than one in five civilians employed by the Ministry of Defence (MoD) are to *lose their* jobs because of cuts in armed forces budgets, according to labour unions.

Senior MoD officials have told the unions that nearly 30,000 out of *140,000* blue and white collar workers employed at army, naval and air force bases around Britain will be made redundant, said Mr Jack Dromey, national secretary of the Transport and General Workers' Union.

Advisors for coal sell-off

Wardell Armstrong, the min*ing consultants from Newcas*tle under Lyme, Staffordshire; and John T Boyd Co, mining *and geological engineers* from Pittsburgh, Pennsylvania, have been appointed technical *advisers for the privatisation* of British Coal.

Injuries in youth training

The number of serious injuries suffered by trainees on the *Government's Youth Training* scheme increased by 86 per cent over a five year period, the Labour party claimed.

Mr Tony Blair, Labour's employment spokesman said yesterday that although the position appeared to have stabilised since 1988 there seemed to be no clear explanation of why the number of of serious injuries had almost doubled since 1986.

He said he would be asking the Health and Safety Executive to inquire into the increase. Mr Blair said: "Young people must be given full and adequate protection whilst undergoing training."

Water pay deal rejected

Employees at Northumbrian Water have rejected the company's "final" wage offer, providing an early test for an innovative pay *determination* system in which bargaining with unions has been replaced by *consultation within* a company council.

The offer, which provides for basic *rate rises* of 6.9 per cent, is thought to be one of the lowest among Britain's *water companies* this year. More than 660 workers voted *against* accepting the offer.

Energy strategy to be reviewed

The government has set up an advisory group to head a review of renewable energy *strategy. Mr Colin Moynihan,* energy minister announced.

The group of academics and *business* leaders will make a report to government by early next year. It will help the government review policy on renewable energy such as wind power.

Poor facilities for women

Poor facilities for looking after children and *too few* training opportunities are preventing *women from achieving* their full career potential in south Wales according to a report *from the Welsh Development* Agency.

Reliant Group, the *manufacturers of distinctive three-wheel* cars such as the Robin (above) and Rialto, has been bought by Beans Industries, a British engineering company best known for its 1930s manufacture of the Thunderbolt, a one-time holder of the land-speed record.

IRA escape came five months after police warning

By Ivo Dawnay, Political Correspondent

A DAMNING analysis of last month's escape by two Irish Republican Army suspects from Brixton jail *in London* has disclosed that police warned the prison authorities *of a break-out plan five months* earlier, according to the official report published yesterday.

The inquiry, conducted by Judge Stephen Tumim, the chief inspector of prisons, *revealed that police has alerted* Brixton in February that the two high-risk category 'A' prisoners *would attempt* to obtain a firearm and would use a Sunday service at the prison chapel *as their opportunity to* escape.

In the event, this was *exactly what happened.*

The Tumim report also catalogued at least six other failures *ranging from inadequate* perimeter security to poor communications.

But yesterday's disclosures stopped short of blaming prison policies for the escapes. "The errors *of judgment which* resulted in the opportunity for escape were indeed operational *failures and not failures of pol*icy," Judge Tumim concluded.

Presenting the findings yes*terday Mr Kenneth Baker, the* home secretary, said that he had considered resigning in the *wake of the July 7 escape. But* he had similarly concluded there was "no question" of resignation as the failures had been operational.

Despite this claim, Mr Robert MacLennan, the Liberal Democrats home affairs *spokesman, said that Mr* Baker's failure to act on warnings last year that Brixton was *unsuitable for Category A* prisoners made him "directly responsible."

Baker: avoided blame

Mr Reg Withers, Brixton's prison governor, has been ordered to take leave prior to his retirement in October and Mr Brian Bubbear, the head of the custody directorate currently on sick leave, is to be replaced.

X-ray machines are to be installed at all 23 high security prisons to vet visitors and mail together with a review of contingency planning with local police forces. Mr Baker is also to take steps to double the maximum sentence for helping a prisoner escape to 10 years.

Construction industry signals recession longer than forecast

By Andrew Taylor, Construction Correspondent

THE RECESSION in the UK *construction industry,* already severe, is likely to prove deeper and last longer than *previously expected, according* to the National Council of Building Material Producers.

Mr Ian Mackenzie, chairman of the council's forecasting panel and chief executive of *Blue Circle's cement division,* Britain's biggest cement manufacturer, said yesterday: "Prospects for this year and next are dreadful."

He warned that many more *companies would close unless* interest rates fell further encouraging investment in *construction.*

The Building Employers Confederation warned at the *weekend that job losses in the* industry since the middle of 1989 could reach 250,000 by next summer.

The National Council of Building Material Producers is one of the industry's foremost *forecasting bodies,* representing about 2,000 building material companies with a combined *annual* turnover of more than £20bn.

It said UK construction output *this year was likely to* decline by 11 per cent, the first reduction in annual output since 1981. Output was expected to fall by a further 5.5 per cent next year.

The council forecast in April that output this year would fall by only 3 per cent and would *rise by 0.5 per cent next year* helped by a recovery in house sales.

Since then, however, the rally in new house sales in the spring has foundered, while the commercial property sector *remains deeply depressed.* According to the council yesterday, the office building market "is set to crumble".

It forecast that private commercial construction output would fall by 20 per cent this year and by 30 per cent next year. Private housing output *was forecast to fall* by a further 16 per cent this year. Output, however, was expected to recover by 11 per cent next year.

The recession among manufacturers has also hit industrial building, which is expected to decline by 7 per cent this year and by 10 per cent in 1992. The council said the fall in investment by manufacturers had *offset* increased capital spending by the privatised water and energy companies.

Nadir seeks leave to visit Cyprus

By Raymond Hughes, Law Courts Correspondent

MR ASIL NADIR, chairman of Polly Peck International, is *today expected* to ask a High Court judge to allow him to travel to Turkey and northern Cyprus with the company's administrators.

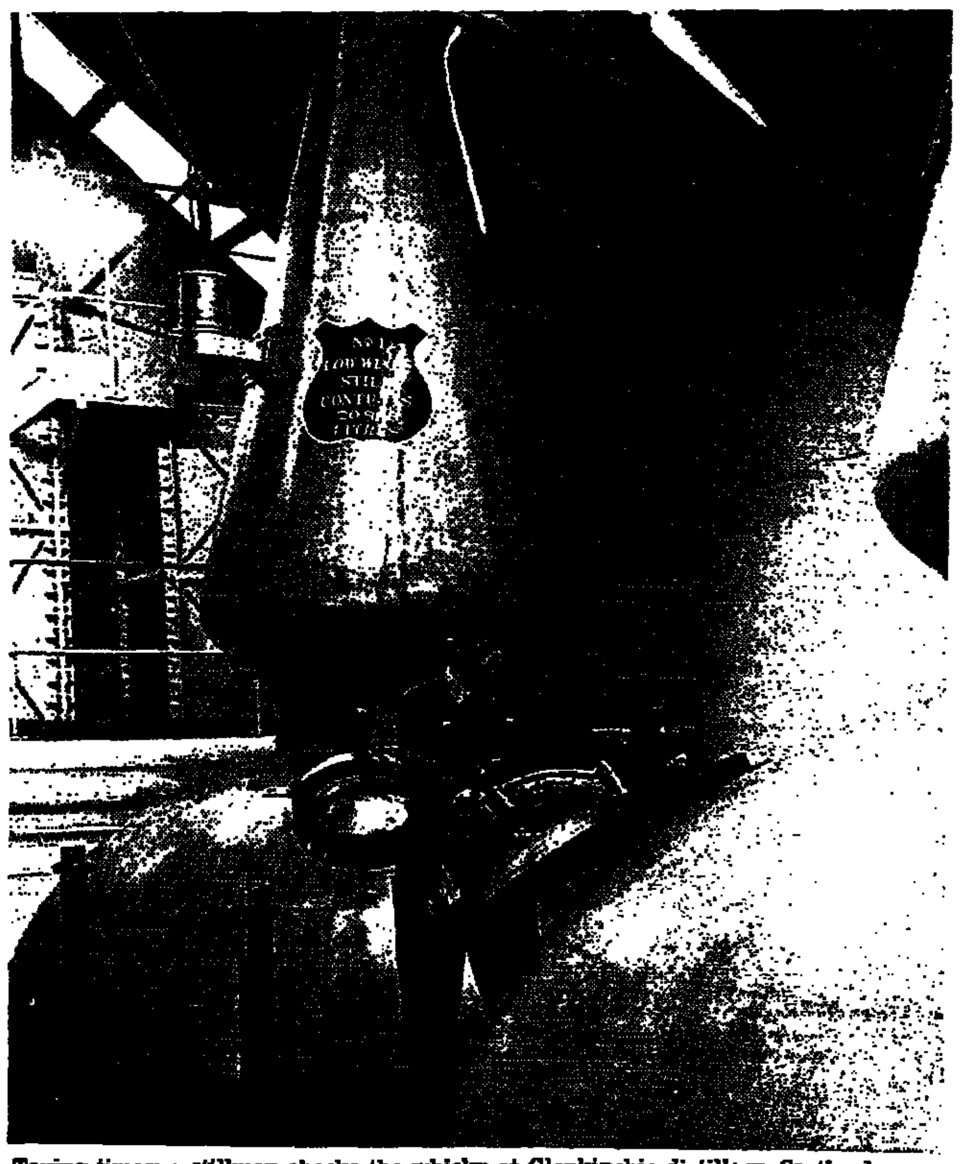
Mr Nadir, who is on £3.5m bail *facing* theft and false accounting charges totalling £25m, will appeal against a Bow Street magistrate's refusal last Thursday to vary his bail conditions to permit him to make the trip.

It is thought likely his plea will be supported by the administrators, Mr Michael Jordan and Mr Richard Stone, *of Coopers & Lybrand Deloitte.* Mr Stone said Mr Nadir's presence was regarded as crucial in *sorting out PPI's affairs in* northern Cyprus.

Yesterday a High Court judge adjourned a move by nine creditors owed about £80m by Mr Nadir to have him jailed for alleged contempt of court. Mr Justice Mummery said the application, and Mr *Nadir's bid to strike it out,* could be heard in October.

Mr Stanley Brodie QC, for Mr Nadir, had said the creditors had no grounds for their application and were "seeking to terrorise Mr Nadir with the threat of prison".

The creditors – Barclays De Zoete Wedd, Merrill Lynch, Lehman Brothers Securities, Carr Kitkat Aitken, Banque Paribas, Credit Suisse, the Inland Revenue, First National Bank of Chicago and Commerzbank – alleged Mr Nadir had broken an undertaking not to *dispose of assets.* Following an agreement the bankruptcy petition was later dismissed.



Taxing times: a stillman checks the whisky at Glenkinchie distillery, Scotland

Highlands spring to the defence of whisky

Philip Rawstorne on the campaign to protect the £620m Scotch market in the EC

THE SCOTCH whisky industry is now engaged in an intensive five-month campaign in London and Brussels to avert a serious threat to its £620m export mar*kets in the European Commu*nity.

At issue are moves towards *the harmonisation of excise* duties in the single European market after 1992.

Only a *last-minute outcry* from the industry – backed by Scottish politicians and trade unions – prevented the British government agreeing six weeks ago to minimum duty rates that would have dealt a savage blow to its prospects in the growth markets of Spain, Portugal, and Greece, just as total world export volumes are falling by nearly 12 per cent.

The proposals from the outgoing Luxembourg presidency comprised a zero rate for wine, including champagne; a rate of 187 ecus per hectalitre of pure alcohol for beer; and of 1,118 ecus for whisky and other spirits.

Neither the Scotch Whisky Association nor the distilling companies that make up its membership were consulted, or even informed of the proposals. They learnt of them through leaked reports from Luxembourg and Brussels.

"Their effect would clearly have been very damaging," says *Mr Tony Greener, manag*ing director of United Distillers, the Guinness spirits company. "They *would have* raised the price of a bottle of Scotch in some southern European countries by about £2.50 and substantially increased the discrimination between wine and spirits."

> The proposals from the Luxembourg presidency comprised a zero rate for wine, including champagne; a rate of 187 ecus per hectalitre of pure alcohol for beer; and of 1,118 ecus for spirits.

Mr Norman Lamont, chancellor of the exchequer, was approached by outraged industry leaders a few hours before he left for a Luxembourg meeting of EC economic and finance ministers.

Some of those present say he seemed unaware of the potential trade effects of the plans.

Whisky exports to Spain have grown by 126 per cent in value over the past five years and were worth £123.3m last year. Sales in Greece amounted to £66m in 1990, up 240 per cent from 1986; exports to Portugal have soared 230 per cent over the five years to £32.7m.

Mr Alan Gray, analyst at *Charterhouse Tilney, says that* sales are expected to grow by 20 per cent in these southern *European markets over the* next three years and to rise by nearly 12 per cent in continen*tal Europe overall.*

Some blunt talking persuaded Mr Lamont to withhold his agreement to the proposed minimum rate for spirits – but he did agree to the rates for wine and beer.

That limited success has done little to allay the industry's concern about the final outcome of the affair which is expected in December.

The Scotch whisky industry is an important UK national asset. Last year it earned *£1.7bn in exports and contrib*uted nearly £1bn in excise duties and tax to the exchequer. *It employs 18,000 people directly;* and in many Scottish communities is the main economic activity.

Yet the industry finds an apparent reluctance among government ministers and civil servants – especially in the Treasury – to recognise its value to the UK economy and to defend its interests in the European Community.

This attitude contrasts strongly with the protection that European states give to their wine industries. Germany, Greece, Italy, Portugal and Spain do not tax wine at all. France levies only a minimal rate of duty.

The result is that, although a glass of wine, a half pint of beer, and a normal measure of whisky, have the same alcohol content, they are taxed at widely differing rates.

Spirits attract nearly twice as much duty as wine in the UK but are taxed 39 times more heavily than wine in France.

The view persists in continental Europe that wine is a *food and should not* be considered in the same tax bracket as whisky, gin, and vodka – *though few would* recognise champagne and premier cru clarets as an everyday source of nourishment.

> International drinks companies in the UK contend that all alcoholic drinks compete in the market place and that discriminatory taxation in the EC distorts that competition.

Since the French export their cognac mainly to Japan and the US, the *community's* tax rates have little effect on its trade.

Britain's *international* drinks companies – Guinness, Grand Metropolitan and Allied-Lyons – *contend that* all alcoholic drinks compete with each other in the market place and that *discriminatory* taxation in the EC distorts that competition.

*The Scotch Whisky Associa*tion's long-term objective is to secure a fairer system in which duty is levied on the actual alcoholic content of any drink.

"But on the excise duty front, justice and reality are far removed," says Mr Gray. Given the political and industrial muscle of the wine lobbies, it will require a robust stand by the UK government to ensure that the discrimination against spirits does not worsen.

The fact that the UK government itself widened the tax gap between spirits and beer and wine in the last two budgets does not inspire confidence.

Whisky industry leaders believe they may have convinced Mr Lamont that he should now negotiate the lowest possible minimum rate of duty for spirits in the EC. But even that objective has been complicated by customs' fears that low taxation rates in some countries would lead to widespread evasion of UK duty on whisky smuggled back into the UK.

It is proving trickier for the industry to get the UK Treasury to consider, let alone advocate, proposals that would limit the extent to which EC member states could in future *impose differential taxation* on spirits, beer, and wine.

The Treasury, itself, is anx*ious not to surrender any of* the chancellor's fiscal freedom.

"But such a move would not stop individual countries deciding what rates they levied – it would merely prevent discrimination against spirits increasing in the future," says Mr Greener.

"We are not asking for protection or favourable treatment. We merely want to ensure that the playing field is not made more uneven than it already is; that *we do not* get the present discrimination, or worse, institutionalised in the EC."

A CELEBRATION OF 25 YEARS OF ABU DHABI

Under

His Highness Sheikh Zayed bin Sultan Al Nahyan, President of the United Arab Emirates

WHEN Sheikh Zayed bin Sultan al Nahyan became the ruler of Abu Dhabi exactly 25 years ago today, it would have taken the most talented of fortune-tellers to predict the changes that lay ahead. In this period, Abu Dhabi has been transformed from an impoverished, tribal society into a modern, industrial state. A people who had to struggle to get even the basic necessities of life now want for nothing. Education, health care and a range of social services are all provided by the Government.

Domestically Sheikh Zayed has encouraged the emergence of one of the most tolerant societies in the Middle East. And as president of the United Arab Emirates, he has given Abu Dhabi, and the other smaller emirates, a far higher profile in the international arena. In short, on the anniversary of his 25th year in power, Abu Dhabi has much to celebrate.

Turn to next page

■ From first page

Oil is obviously the key to Abu Dhabi's prosperity. Perhaps a good illustration of *how quickly the emirate has developed* is to quote the British traveller Wilfred Thesiger's description of Abu Dhabi town in 1948.

"A large castle dominated the small, dilapidated town which stretched along the shore. There were a few palm trees, and near them was a well where we watered our camels."

Today Abu Dhabi is a thoroughly modern city. Gleaming tower blocks dominate the skyline. Smoothly tarmaced roads criss-cross the city. And the Corniche, the fountain and palm tree-studded *promenade along the seafront*, rivals anything to be seen on the French or Italian Rivieras.

Oil revenues virtually *guaranteed Abu Dhabi's prosperity. But* the money had to be wisely spent — and Sheikh Zayed did just that. Within months of his coming to power, on August 6 1966, he began setting up the cradle-to-the-grave welfare system which looks after his people so well.

Abu Dhabi's emphasis on using its wealth for industrial diversification and heavy investment in the oil industry have fashioned a very *resilient economy which easily coped with the demands* put upon it during the Gulf crisis. Over the past 20 years Abu Dhabi has expanded into a variety of upstream and downstream activities, including gas gathering, liquification, ???? refinery expansion and the acquisition of a *large* tanker fleet.

On the *industrial* front, the General Industrial Corporation, established in 1979, has promoted development outside the oil sector. Abu Dhabi has *some profitable light industries, including* building materials, cement, printing and furniture firms.

The emirate also has a thriving port, Mina Zayed, on the north-east tip of Abu Dhabi Island, which opened in 1972. Total throughput at its modern container terminal has more than doubled in recent years. *And it is building a* re-export business which is beginning to rival Dubai.

Economically Sheikh Zayed believes that blocs such as the European Community will come to dominate world trade in the years to come. He thinks that the best policy for Abu Dhabi and the UAE in the future is to insist on greater co-operation among the Gulf Co-operation Council countries: "The strength of the Gulf lies *in its economic* unity *which represents the real challenge* before the Gulf man to assert his true position. Economic power is the *true yardstick of Gulf autonomy.*"

As Abu Dhabi has grown richer during Sheikh Zayed's rule, the Emirate has never forgotten its wider responsibilities. Abu *Dhabi has always had, from the early years of its oil wealth*, a very generous aid programme. In 1971 the Abu Dhabi Fund for Economic Development, *with a capital base of 2bn dirhams*, was set up. Its aims were to provide soft term *loans and grants to the developing countries.*

Today the Fund boasts a total capital base of more than 4bn dirhams, and has helped finance nearly 120 projects with a total value *of 8.6bn* dirhams. *The range of products* includes roads, dams, agriculture *and* rural development, water and electricity and *housing as well as tourism projects, hotels*, and *small and* medium sized industries. The number of countries which have received aid include Tunisia, Somalia, Yemen, Jordan, Syria and Egypt.

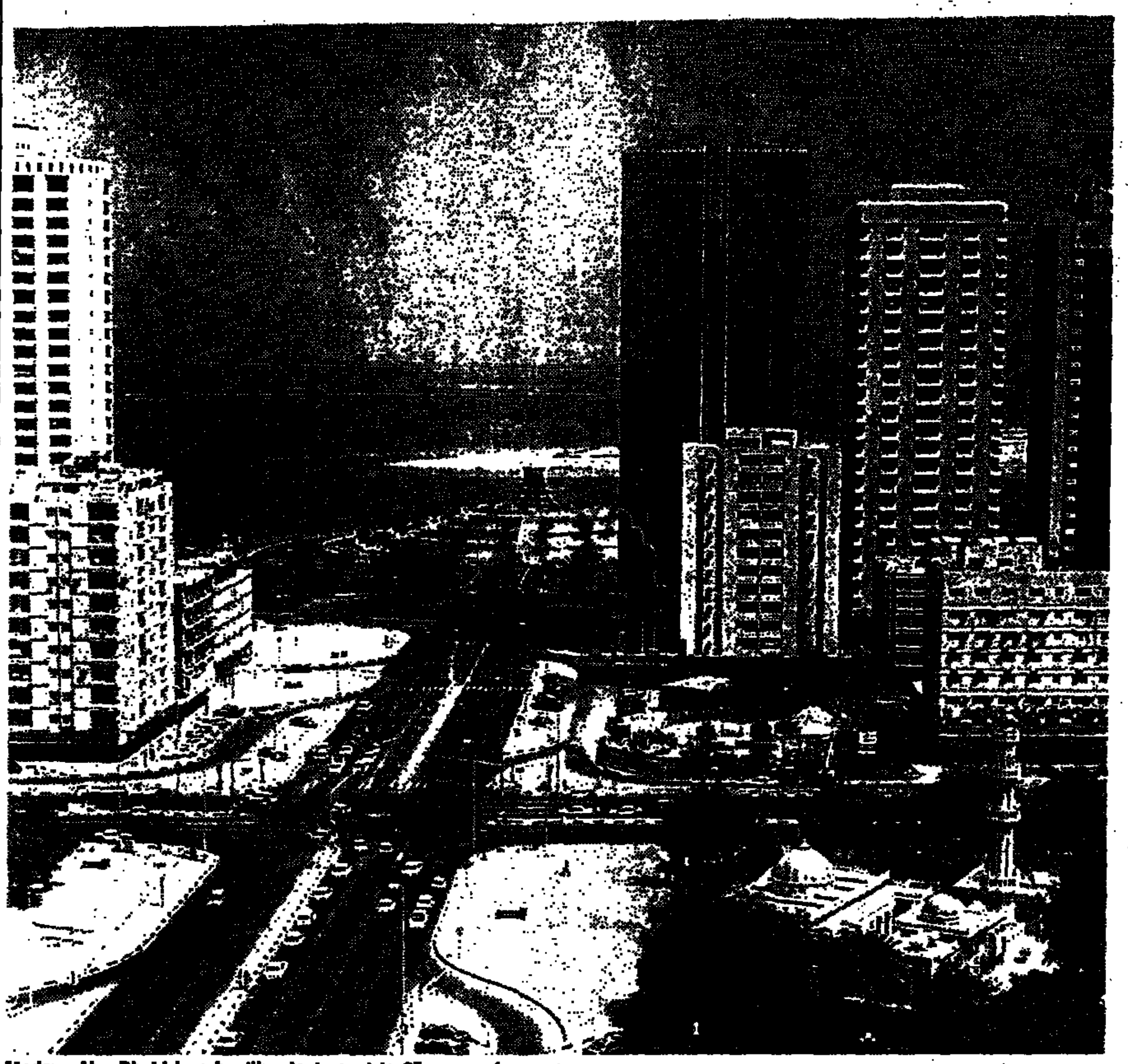
In foreign affairs Abu Dhabi has put its full weight behind the *UAE. The watchwords of the UAE's foreign policy under Sheikh* Zayed's *presidency* have been even-handedness, co-operation and *peaceful co-existence. The UAE was one of the founding members* of the Gulf Co-operation Council, formed during the Islamic summit in *Taif* in early 1981. The GCC, which has its own secretariat and ministers, held its first conference in Abu Dhabi, under the chairmanship of Sheikh Zayed, in May 1981.

The UAE has *relations with over 60 countries. In 1985* the UAE established diplomatic links with the USSR. The UAE was also the first Arab country to *re-establish* ties with Egypt. During the Iran-Iraq war, the UAE, true to its role as a *regional* mediator, remained neutral.

Iraq's invasion of Kuwait, in August last year, came as a great shock to Sheikh Zayed, who has always believed in Arab brotherhood. However, the *UAE* had no *hesitation* in backing the *Allied Coalition.* It provided facilities for the Allied navies and paid a substantial *amount to its Western allies to help cover the cost of the war.*

The UAE is anxious to see Western countries, such as the US, *France and Britain, involved in the new security arrangements* for the Gulf now under discussion. And Sheikh Zayed, having always been a strong supporter of the Palestinian cause, is also keen not to miss the chance of settling the Arab-Israeli conflict. Helping to finally bring stability and peace to the Middle East would be a fitting accolade to Sheikh Zayed's 25 years as ruler of Abu Dhabi.

Human face of the father of his people



Modern Abu Dhabi is a bustling testament to 25 years of progress

THERE CAN BE no starker contrast to the norm in the *volatile region of the Middle-East than the rule of* Sheikh Zayed bin Sultan Al Nahyan,president of the United Arab Emirates (UAE)and ruler of Abu Dhabi. Today Sheikh Zayed celebrates 25 years as Abu Dhabi's head of state. It has been a period of stable government and solid achievements.

During his rule, Sheikh Zayed has brought Abu Dhabi into the 20th century, been the prime mover behind the creation of the *UAE, and ensured that Abu Dhabi's oil wealth is used for the benefit* of all his people. The qualities noted by Wilfred Thesiger, the famed Gulf traveller and author,more than 40 years ago have served Sheikh Zayed well as he has worked over the past quarter of a century to modernise Abu Dhabi and to give the UAE a voice in world affairs.

"He was a powerfully built man of about thirty with a brown *beard. He had a strong,intelligent face, with steady,observant* eyes, and his manner was quiet but masterful . . . I had been looking forward to meeting him, for he had a great reputation *among the Bedu. They liked him for his easy informal ways* and his friendliness,and they respected his force of character, his shrewdness and his physical strength."

Sheikh Zayed was born the son of Sheikh Sultan bin Zayed Al Nahyan. Sheikh Sultan himself was the son of Sheikh Zayed bin Khalifa, who reigned long and peacefully from 1855-1909. He built Abu Dhabi into the most powerful emirate in the lower Gulf *and is often referred to as Zayed the Great.*

In his early years, as he grew to manhood, Sheikh Zayed spent much of his time in Al-Ain. He learnt to shoot, ride and enjoyed hunting with falcons. He also began to attend the Majlis (a type of informal parliament) of his father,who had become ruler in 1922, and continued until his death in 1926. At first hand Sheikh Zayed began to appreciate the problems of the Bedu and to understand *the realities of political life.*

In 1928 Sheikh Zayed's elder brother Sheikh Shakhbut became *the ruler of Abu Dhabi,ushering* in a new period of stability in the Emirate. Over the next 20 years Sheikh Zayed spent most *of his time travelling, helping* to settle local tribal conflicts, talking with local sheikhs and developing a deep faith in Islam. His faith *is the backdrop* to his political reforms. This is clear from Sheikh Zayed's comments in Abdul Rahman Ziyad's book *Zayed bin Sultan: A Life of Achievement.*

"Those who want to reform the nation by ways *other* than religion sow a seed on alien soil. Consequently the seed cannot get nourishment and *will be spoiled,in spite of the fact* that the seed has no defect in itself."

In 1946 Sheikh Zayed,despite being only around 30, was appointed Governor of the Eastern Region of Abu Dhabi. He quickly added to his reputation as a problem-solver and efficient administrator. The next 10 years were a challenging time. *Sheikh Zayed had* to maintain the traditional tribal alliances at a time when the revenue from the pearling *industry, the Emirate's main source of income*,was dwindling.

However, Abu Dhabi's future was soon to be transformed. In 1958 Abu Dhabi *Marine Areas,a group of foreign oil companies*,led by BP, *found* the first commercial oilfield at Umm Shaif. The following year another field was discovered in *Murban. ADMA* built a terminal on Das Island,and the first export oil left the terminal on July 3 1959.

Abu Dhabi's newly-found oil wealth raised the Emirate's stature *in the world. However,* Sheikh Shakhbut was reluctant to spend the *money.* In 1965 tribal chiefs urged Sheikh Zayed,who was regarded as more modern and forward-thinking than his brother,to take over from his brother. He told them to be patient. *About* one year later, on August 6 1966, Sheikh Zayed became the ruler of Abu Dhabi.

He soon made clear what principles would guide his use of *Abu Dhabi's oil wealth:*"Money is of no value unless it is used for the benefit of the people. God has bestowed this [oil] wealth upon us. It is our duty, in thanking him, to utilise this wealth in reforming the country, in bringing prosperity *to its people by building* a society where education,medical care, housing and food be *available to every individual of our society."*

Within a few months of his accession a *range of new departments* were *set up, covering* education,health and public works. New roads were planned and Sheikh Zayed was able to continue with a policy which will always be regarded as the most visible of his rule: the greening of *Abu Dhabi.*

Ever since his early days in Al-Ain Sheikh Zayed had been *interested in agriculture and afforestation. During his rule millions* of trees, plants and flowers have been planted. There are now *many forests around* Al-Ain, and the municipality of Abu Dhabi is full of exotic *flowers*, multi-coloured fountains, tropical trees and litter-free grass. It is said he was inspired by the description of Paradise in the Holy Quran:

"There shall be palm trees and pomegranates, fountains and *pleasant gardens beneath which rivers flow."*

The readiness of Sheikh Zayed to share Abu Dhabi's oil wealth with *neighbouring* emirates helped settle a number of border disputes and laid the foundations of the federation which he thought was *necessary* for the emirates' mutual security.

In 1971, Sheikh Zayed's dream was *finally realised* when the emirates of Abu Dhabi,Sharjah, Ajman,Umm-Al Qaiwan, Dubai and *Fujeirah came together to form the United Arab Emirates.* In early 1972 Ras Al-Khaimah became the UAE's seventh member. *Sheikh Zayed was unanimously chosen* as the UAE's first president.

Zayed *soon pushed* the UAE into the heart of world affairs. Within weeks of being elected president he steered the UAE into the Arab League and membership of the United Nations *quickly* followed.

Throughout the *Gulf crisis* the *UAE was a strong supporter of* the Allied Coalition which defeated Iraq and brought peace back *to the Gulf region. During these difficult times Sheikh Zayed displayed* all the qualities the author,Abdul Rahman Ziyad,noted as his final judgment on the man:

"He possesses to a supreme degree a deep and lively sense of reality in politics, especially in Arab circles. A gifted tactician, throughout *his life he has shown himself a born leader of men*, where necessary a soldier, a capable administrator,and a chivalrous *opponent. He is wise, tolerant, generous and capable of seeing* far beyond his own time."

Mystique and magic in a desert playground

ABU DHABI'S reputation as a first-class tourist resort is well established. The past five years of developing recreational facilities, promoting the Emirate at international fairs and among travel *agents has paid off. Tourists from all over the world now flock* to Abu Dhabi to experience the Emirate's unique mixture of beautiful beaches, excellent sports complexes, desert safaris and luxury *hotels.*

"The Riviera of the Gulf is how we are known," said Abdullah Ali Al-Saadi, deputy general manager of Abu Dhabi National Hotels *Company* (ADNHC). "*But we offer much* more than just good beaches and hotels. There is a mystique about the desert that many tourists find irresistible."

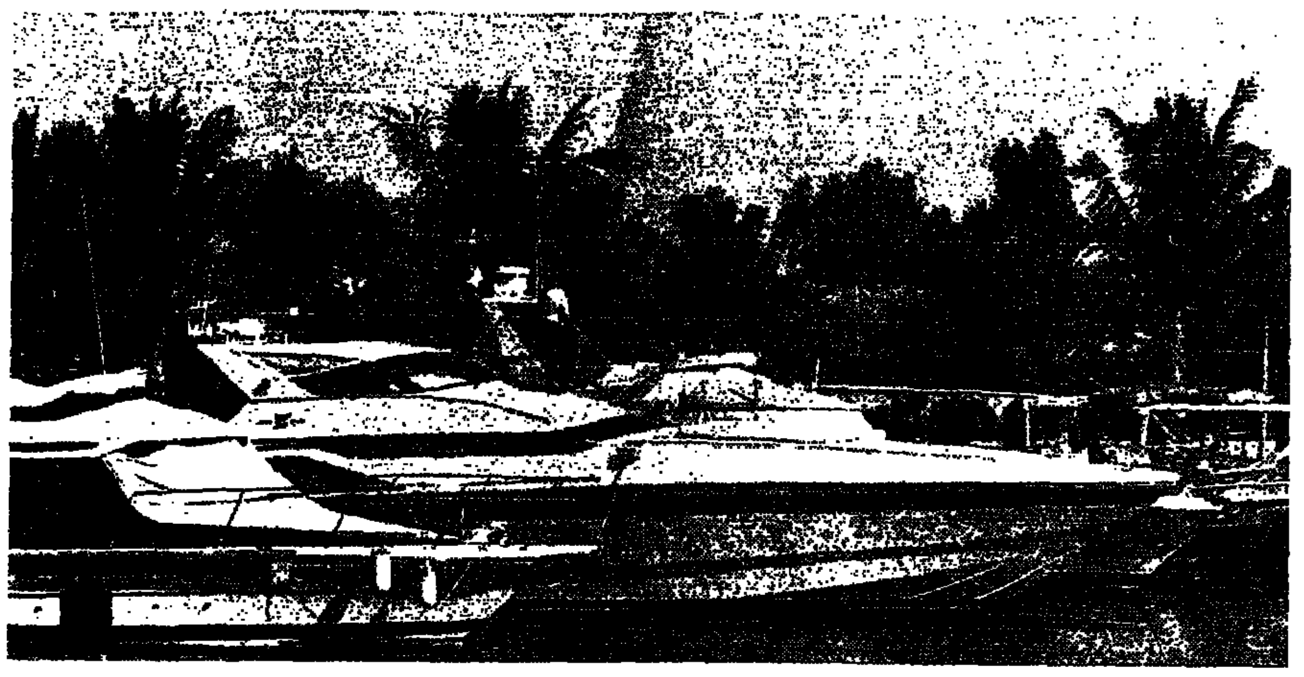
The tourist season in Abu Dhabi is from October to April, when the temperature cools down to a comfortable 20° to 30°C, from the boiling heat of July-September, which reaches a peak of above 45°C. The Gulf crisis obviously halted *any tourist travel last year.* However, Abu Dhabi is looking forward to a good season in 1991 now that peace has returned to the region. "Perversely, the Gulf crisis has given us a higher profile. *Many more people are curious* about the way of life here and want to come and experience it for themselves."

Government officials have a very clear idea of how they would like to see tourism develop in the Emirate. There is no desire for mass, package holiday-style tourism. Abu Dhabi's infrastructure simply could not cope. Instead tourist officials want to attract the wealthier, middle to upper income traveller, particularly from Europe. So far visitors from Switzerland, Austria and Germany have made up the bulk of tourists visiting Abu Dhabi for a winter *break.*

Tourism officials are also keen to exploit niche areas, such as company incentive schemes. Many big international firms reward top-performing executives *and salesmen with short holidays in exotic locations. "I think we have a lot to offer companies looking for something different,"* said Houssam Tantawi, manager of Sun Shine Tours, a subsidiary of ADNHC. "Abu Dhabi is in a good spot, only about seven hours flying time from Europe. We have a lot of exotic locations and there would be no need for companies to worry about their top executives' safety here."

One of the main attractions about Abu Dhabi is that it is very easy to reach. Most of the world's top airlines fly to the Emirate. Gulf Air and the Dubai-based Emirates Airline fly to a wide range *of international destinations. Abu Dhabi's international airport* is less than 10 years old and can handle around 6m passengers a year. There is also a study under way on the feasability of adding a second runway.

As tourists arrive in the airport they will see one of the best duty free outlets in the world. The duty free concession first opened in 1986 and has won a string of marketing and management awards.



Sleek boats lie at harbour amid the UAE's greenery: the Emirates hold many pleasures for the traveller

There are about 16 shops in the airport selling more than 18,000 items, including gold, pearls, perfume, electronics and cigarettes. Prices are very competitive and some items are even sold at cost. "Unlike many of our competitors at other international airports, we do not pay rent here, so that allows us to pass the benefit on in terms of cheaper prices for customers," said Mohammed Mounib, general manager of Abu Dhabi Airport Duty Free.

Soon tourists will be able to visit a duty free shop in the centre of Abu Dhabi, decide what they want to buy, pay for it in the shop and then pick up their goods when they fly out from the airport *at the end of their holiday.*

In deciding where to stay in Abu Dhabi, tourists can choose from an array of international hotels and purpose-built guest houses. ADNHC oversees the running of seven hotels, managed by *international chains, the Sheraton, Hilton and Meridian in Abu* Dhabi.

The latest addition to the company's stable is the Al Jazira Hotel. It is being built near the coast, about halfway between Dubai and Abu Dhabi, and will be ready for the start of the tourist season later this year. A 6.5k channel has been dug from the sea to surround the hotel, so it actually stands on its own island. When it is finished, there will be 65 rooms in the hotel and 50 chalets near the beach. To take them to the beach, guests will be transported by a traditional Arab *dhow*. The hotel's gardens have been designed and landscaped *by experts working for the ruler of Abu Dhabi*, Sheikh Zayed bin Sultan Al Nahyan.

All the hotels run by the ADNHC have excellent sports and recreational facilities including, *in many cases*, tennis, squash and health clubs. The Inter-Continental Hotel has a beautiful marina where you can see every kind of boat, from classic yachts to speedy motor cruisers. Water and jet skiing are very popular. A popular pastime for tourists is to take a cruise, beginning at the Inter-Continental marina, passing gently along the Abu Dhabi skyline, along the Corniche and then stopping at one of Abu Dhabi's beautiful islands for a barbecue.

Ice skating has also caught the imagination of tourists and local people. The rink at Zayed's Sports City can be used by more than 400 skaters daily. However, the latest craze among tourists is sand skiing among the dunes of the Liwa oasis and others only a couple of hours drive from Abu Dhabi city. Liwa is one of the most popular destinations for tourists. *It is easy to reach, as it* is connected by a modern dual carriageway, which makes access to this beautiful oasis simplicity itself.

The oasis is surrounded by a *couple of towns, including Medina* Zayed and Al Mariyyah. The Liwa itself forms a crescent shape and has slightly dark, but drinkable, water. Close to the town of *Medina Zayed is a vast expanse of land covered with palm trees.* This is Sheikh Zayed's 100 Palm Project. Here thousands of date palms are grown, first as saplings and then matured until they *produce fruit.*

Al-Ain, in the eastern part of the Emirate is Abu Dhabi's second city and is also a popular destination for tourists. Al-Ain's camel *market is the last of its kind* in the United Arab Emirates and attracts traders and customers from all over the UAE. Friday is the best day to visit the market, when the dealers bring their herds to be sold.

Al-Ain's museum is in the centre of the city, in the grounds of an old fort built some 100 years ago. It was in this fort that Sheikh Zayed bin Sultan Al Nahyan's father was born. The fort is full of the findings of archaeologists who have been excavating in the regions north of the city.

Just outside the city is the small oasis of Buraimi, which has *many beautiful crumbling old buildings set among* exotic palm trees. Buraimi has a famed souk and cool, green gardens. Nearby is the Hili archaeological site, which has some fascinating finds. There is also an amusement park for adults and children.

Probably Al-Ain's most famous attraction is its zoo. It has a wide range of animals on display and is also the centre for important breeding and conservation projects aimed at helping endangered species. For panoramic views there is no better spot than the Hafit mountain, which gives a superb view over the entire Al-Ain area.

Less curious tourists can just tour Abu Dhabi's splendid shopping centre, visit the many cultural museums or simply take a trip out to the desert, spend a few nights under the stars, and get away from it all.

How oil drives the nation

OIL IS at the heart of the Abu Dhabi economy. Over the past 25 years of Sheikh Zayed bin Sultan Al Nahyan's *rule it has helped transform the Emirate into a modern* industrial power in the Gulf region. Twenty years ago there was only desert and a few houses along the seafront in Abu Dhabi city. Now there are rows of tower blocks. Light industries are flourishing. And the Emirate's bounteous oil revenues have given the people a welfare system unrivalled in the world.

The Gulf crisis certainly put great demands on even Abu Dhabi's large oil fields. Production had to be increased to make up for lost supplies from Iraq and Kuwait, existing contracts had to be fulfilled, while the oil fields themselves had to be rigorously serviced. However, the oil industry coped well with the challenge.

Abu Dhabi's senior oil industry officials are determined to capitalise on the momentum built up during the Gulf conflict. "Given the impetus provided by the crisis, I think we now have a very good opportunity to expand in all areas including crude oil production, refining and gas generation," said a *senior executive* at the Abu *Dhabi National Oil Company (Adnoc), the Emirate's state-owned* oil company.

The oil industry is run by the Supreme Petroleum Council, *established in 1988. It will take all decisions relating to the expansion* plans. Adnoc, set up in 1971, is the key vehicle through which its policies are put into effect.

Adnoc manages the majority state holdings Abu Dhabi has in the Abu Dhabi Company for Onshore Oil Operations (Adco), and in the Abu Dhabi Marine Areas Operating Company (Adma-Opco), which operates the offshore fields. Adnoc is involved in a wide array of upstream and downstream activities, including gas gathering, liquefaction and refining. The company also operates a large tanker fleet. Adnoc has a 51 per cent stake in the Abu Dhabi Gas Liquefaction Company (Adgas). The company operates a $550m LNG and LPG gas plant on Das Island. It produces close to 3m tons of LNG and *about 1m tons of* LPG annually.

Natural gas and sulphur are also produced at the plant from offshore gas. Shipments began from the plant in 1977, and most of the LNG and LPG goes to Japan.

Adnoc also owns 68 per cent of Abu Dhabi Gas Industries (Gasco). The other shareholders are Shell, which holds a 15 per cent stake, Total has another 15 per cent, and Partex a 2 per cent stake. Gasco manages the close to $2bn *plant* at Ruwais which extracts propane, butane, and condensate from associated gas produced by the onshore Bu Hasa, Bab and Asab oilfields. The plant's capacity is 4.75m tons per year of LNG, most of which goes to Japan.

Adnoc's other big responsibility is to manage Abu Dhabi's refineries. There are two, one at Umm al-Nar, and the second at Ruwais. Umm al-Nar has a capacity of around 75,000 barrels per day. The Ruwais refinery has a capacity of 120,000 barrels per day. *Product* marketing is run by an Adnoc subsidiary, the Abu Dhabi National Oil Company for Distribution.

Adco was set up in late 1978. Adnoc has 60 per cent, Total, BP and Shell have 9.5 per cent each, Mobil and Exxon have 4.75 per cent and Partex has 2 per cent. *The first onshore oil discoveries were at Bab in December* 1960 and at Bu Hasa in 1962.

Adma-Opco was formed in 1977, taking over the fields of its predecessor, Abu Dhabi Marine Areas. The first oil strikes were at Umm Shaif in 1958 and at the Zakum field in 1965. Adma-Opco is 60 per cent owned by Adnoc. The other shareholders are Japan Oil Development Company, which has 12 per cent, BP which has a 14.67 per cent stake, and Total with 13.33 per cent.

Abu Dhabi also has a company called the International Petroleum Investment Corporation (Ipic), which invests in marketing facilities overseas. It has capital of $500m, to be used to invest in facilities and petrol stations *in Japan and Europe. Ipic has a 20 per cent* stake in the Spanish Compania Espanola de Petroleos (Cepsa).

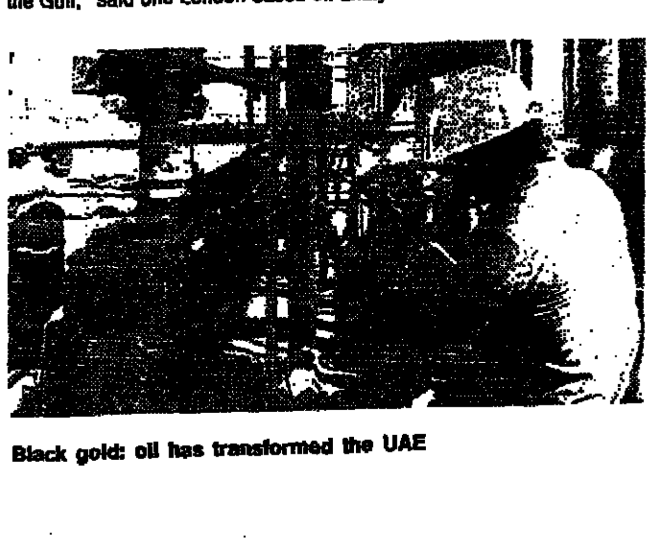
Apart from Oman, Abu Dhabi is virtually the only Gulf country *not to own its oil companies outright.* "I think it works very well," said Jean-Louis de Vaulx, the chief executive of Total, the big French oil company in Abu Dhabi. "There is a continuous dialogue between us and the *state oil companies.* We help each other on technical matters and exchange information regularly."

The suspension of Opec quotas in August 1990 and the UN sanctions on Kuwait and Iraq meant that the United Arab Emirates had to *increase production to around 2.3m between September and November* 1990, to help meet the world's energy needs. Abu Dhabi, as the biggest oil producer in the UAE, played a *major role in this expansion drive.*

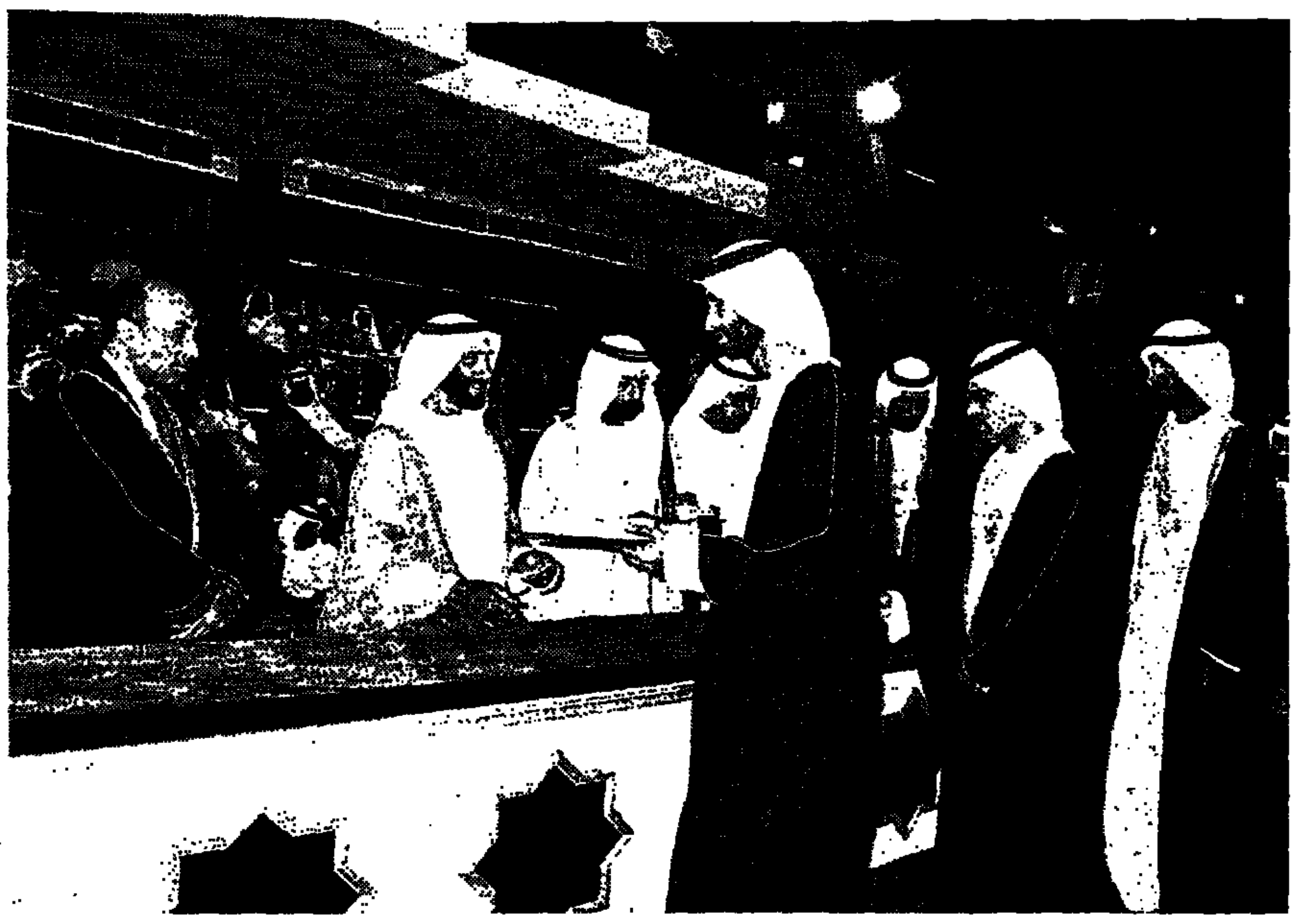
As a result of the investment programme now being followed, Abu Dhabi should lift its capacity to around 3m barrels per day *by the mid 1990s.*

Refining capacity is also to be increased. Expansion at Umm al-Nar has already been approved, and it is thought that approval *for an increase in capacity* at Ruwais will come soon. Production at Das Island and of LPG and LNG production is to be doubled, with Japan, which signed a contract last year, taking most of the *new output.*

"All this investment will ensure that in the 1990s Abu Dhabi will have one of the most modern and efficient oil industries in the Gulf," *said one* London-based oil analyst.



Black gold: oil has transformed the UAE



Sheikh Zayed presents awards to students at the UAE University in Al-Ain

A bright new generation

ABU DHABI, like its partners in the United Arab Emirates, has a healthy obsession with education. Some 20 per cent of the UAE's federal budget is spent on health and education. In Abu Dhabi, the local authorities and the private sector top this up with further sums. All this has given Abu Dhabi and the UAE one of the most modern and comprehensive education systems among the Gulf countries.

"We realise that many challenges lie ahead and our best preparation is to give our younger generation good educational facilities," said Sheikh Nahyan bin Mubarak Al Nahyan, a member of the *ruling family in Abu Dhabi, the minister for higher education and* chancellor of the UAE University in Al-Ain.

Progress has been swift. In 1971, the year of the UAE's foundation, there were some 66 schools, with less than 30,000 students. By the 1989-1990 academic year, there were around 475 government schools and education centres, with some 250,00 students. Another 100,000 students attend classes in about 230 private schools throughout the UAE.

The showpiece of the educational system is the UAE University, *established in 1977, in Al-Ain, nestling at the foot of the Hafeet* mountain in the eastern region of Abu Dhabi. The University opened *with just 504 students. Today it has more* than 10,000, 60 per cent of whom are female. To cope with the increase in students the campuses are scattered throughout Al-Ain. The University includes well-respected Law and Medical schools.

The University has about 1,000 academic staff, made up of UAE nationals, Arab and American and European faculty members. "Because we have so many foreign teachers there is a turnover of staff as they return to their home universities after a few years with us. However, I do not view this as a problem – rather it *enables us to be competitive and to continually recruit teachers* of a high calibre," said Mohamed Moustafa, vice chancellor of the University.

The University follows the American system and students have to get 132 credit hours before they can graduate. From September the University will be offering a two-year Masters course on the Environment.

Last year the Basic University Education Programme, a pre-university course, was introduced for new students. They study Arabic, English, Maths and Computers. There are more then 175 teachers, and some 2,500 have already completed the course. Extensive use is made of interactive teaching methods *including videos and computers.*

This theme of moving away from just information feeding runs through the University's teaching methods. "In the last few years there has been a critical self-evaluation at the University," said Moustafa, "A new curriculum will be introduced in September, with the emphasis on new technology and information evaluation."

Both Sheikh Al Nahyan and Moustafa are keen to involve the University with society's needs and problems. "It is very important," said Moustafa. "The aim of, say, the Agricultural department should *not be just to turn out graduates, but to help in developing the* agricultural industry in the UAE."

Take the Law School: it has representatives on committees within the Ministry of Justice, and senior ministry officials come and lecture at the University. Medical students get practical experience in the Emirates' hospitals.

As part of the broader aim of involving the University with the needs of society, a chain of Higher Colleges of Technology was established in 1988. There are two in Abu Dhabi and two in Al-Ain. They are designed to provide a more vocational training in subjects such as engineering, business and banking.

The Colleges will also play an important role when entrance into the University becomes competitive next year. "We have put *so much emphasis on education that once entrance to the University* becomes more selective, we must be able to offer students an alternative. We have to think of the needs of all students, not just the elite," said Moustafa.

Making the desert bloom

THE 26,000 square miles of the Emirate of Abu Dhabi, nearly 80 per cent of the whole area of the United Arab Emirates, include some of the most inhospitable land on earth. In the west, the Sabhka Matti consists of hundreds of square *miles of desolate salt flats, while the huge sand dunes* of the Rub al Khali, (The Empty Quarter) reach into the south west *of the country. Rainfall is irregular and scant. Only the hardiest* of vegetation and fauna can survive.

There have always been a number of scattered oases, the best known of which are the Liwa, and the Al-Ain Oasis. For the most part, however, the Emirates has fitted well into the foreign image of Arabia, its deserts and sand dunes stretching to the horizon.

Over the past 25 years, since Sheikh Zayed bin Sultan al Nahyan became ruler of Abu Dhabi, the picture has changed dramatically as a massive programme of afforestation of the desert and reclamation of land for agriculture has got under way. Something over 70m trees have been planted, as well as 20m date palms, with more *than 100,000 hectares of land now involved in afforestation schemes.* The plantations also stretch out into the desert, offering direct, but substantial, benefit to local wild-life.

Besides the desert plantations, the cities and towns of the Emirate have also benefited from the "greening" of Abu Dhabi. The parks and gardens are lush, well-watered places of relaxation for their residents. Abu Dhabi city itself, a conurbation of some 400,000 people that 25 years ago was little but a collection of shacks and sand, has now been dubbed "The Garden City of the Gulf."

Sheikh Zayed has been the driving force behind the programmes. Brought up in the harsh days of the past when finding enough water to drink was more important than watering trees, he has a deep-felt love of gardening and greenery. One recent indication of that was the issuing of an order to the Abu Dhabi Municipality, *(City Council) that no* trees were to be cut down without special permission. If a clump of desert acacias stood in the path of a *road – move the road. The order* underlines that the commitment of Sheikh Zayed, and the Government, to protecting the environment *is not simply confined* to what man himself can create.

To some, it may seem strange to talk of "conserving the *environment"* in Abu Dhabi and the rest of the Emirates – after all, isn't it all desert? It is – and it is precisely because of the nature of the country that its environment is so fragile, so balanced on a fine knife-edge, and, naturally, so threatened by the rapid development of recent years. That, too, the Government wishes to protect and preserve.

Since the mid-1970s, hunting has been banned throughout the emirate and heavy fines are *imposed on those caught shooting.* Also protected are all species of birds and turtles and their eggs.

The Al-Ain Zoo, the largest in the Middle East, is winning a reputation for its breeding of endangered species such as the *Arabian Oryx.* Several areas, including the offshore island of Sir Bani Yas, have been turned into nature *reserves* where, with food and water supplied by man, thousands of gazelles run free.

To add an international flavour, the United Arab Emirates last year rejoined the Convention on International Trade in Endangered Species of Flora and Fauna (CITES) with a commitment to prevent unscrupulous international smugglers of ivory and other goods using the UAE to circumvent *international law.*

Abu Dhabi and the United Arab Emirates will never have the *rolling prairies of North America* or the dense vegetation of the African jungle. All that man can do to make the desert green is, however, being done, while care is being taken to conserve the environment for future generations. What has been achieved so far is indeed quite remarkable.

TECHNOLOGY

A GLOSSARY OF MOBILE TERMS

● **Cellular radio** is a two-way mobile phone service using either carphones or hand portable units. Its name derives from the fact that the service operator divides the area to be covered in a pattern of geographical cells, siting a base station in the centre of each cell. To prevent interference, no two adjacent cells operate at the same frequency. Cellular radio services introduced during the 1980s use analogue radio technology.

● **GSM** – or Groupe Spéciale Mobile – is the name now used to describe the latest cellular radio services to be introduced in Europe. GSM uses digital transmission, and because the same group of radio frequencies has been allocated to GSM across Europe (unlike the analogue which was particular to one country) subscribers from one country will be able to travel to another and still use the phone in his or her car or pocket.

● **Personal Communications Networks (PCNs)**, which should be launched in the UK in 1993, are based on the digital standard of GSM networks but will operate at higher frequencies where there is spare capacity. By manufacturing the small pocket phones in huge volumes, the operators hope to make the prices attractive enough for the mass market.

● **Cordless phones** are domestic phones in which the curly cable that attaches the handset to the base pad is replaced by a radio link, making the phones useful for people with large gardens, or those who want to stray from base. Cordless phones plug into the ordinary wire-based phone networks like a simple phone.

● **Telepoint** is a UK service based on cordless phone technology. Unlike cellular, GSM or PCN, telepoint networks do not need a separate radio infrastructure. Instead, a telepoint base station is located in a public place, such as a railway station, and plugs into the phone network run by the local phone company. Calls can be made using the handset when a sign indicating the presence of a base station is in sight. The phones cannot receive incoming calls.

Della Bradshaw on progress in the development of a European mobile telecommunications network

Crossed wires face the chop

On July 1, with a fanfare and a flourish, the pan-European cellular radio system was due to open in major cities from London to Madrid. But the occasion was marked by an embarrassed silence. As the month came and went, only a handful of trial services were in operation and no phones were approved for use.

Of greater concern than the setbacks in the introduction of the service – most companies involved acknowledged last year that delays were inevitable – is whether the European system will live up to its reputation as the 1990s' consumer equivalent of the compact disc and the saviour of Europe's electronic equipment makers.

For the consumer, the promise of the pan-European service – often called GSM after the Groupe Spéciale Mobile which set it up – is the ability to use the same phone in Paris, Bonn or Rome and be billed by a single phone company back home. And because the service are digital the crackles of today's radio networks are eliminated.

Competition to the pan-European cellular service comes both from more advanced technologies, in particular personal communications networks (PCNs), and from the established cellular radio services.

"We've been arguing for some time that GSM is nothing more than a replacement technology for today's analogue service," says Ian Reece, group manager of wireless communications at BIS Strategic Decisions, the electronics consultancy. "The initial growth in the market could be in just taking up underlying demand."

Evidence in Scandinavia – where consumers were reluctant to move from the congested NMT 450 service to the higher frequency NMT 900 one until the new service had achieved geographical coverage comparable with the older one – suggests that customers are unlikely to shift from their existing phones to GSM units until most areas in the home countries are catered for.

The "roll-out" of the services, as it called, will vary according to demand and competition. Only in Belgium is there any great need for the service today. And in Italy and Spain, relatively new converts to cellular radio, the analogue service is still a novelty.

In the UK, where the two existing cellular radio companies, Cellnet and Vodafone, will be adding the digital cellular service to their existing analogue one, there is little pressure to spend money on the digital infrastructure. Both have invested heavily to increase capacity on their analogue networks in the prospect of continuing growth. Now hit by the recession call volumes have slowed and they have ample spare capacity.

Only the threat of PCNs, which are scheduled for launch in 1993, will force them to play the digital card. PCN promises – and fulfilment of the promise is a long way off – lightweight digital handsets at lower prices than GSM, creating a product targeted squarely at the mass market.

Vodafone plans a GSM service in the south-east of the country by December and intends to cover 90 per cent of the UK population by the end of 1992, says Chris Gent, managing director. Cellnet is planning a trial GSM network this year, but will not launch a commercial service until mid 1992. Not until the end of 1994 will it offer the same sort of national coverage that the analogue service offers today, says Jane Vincent, GSM project manager.

In Germany, competition has been introduced in the form of Mannesmann Mobilfunk, a private-sector consortium including Pacific Telesis, the US "Baby Bell", and Cable and Wireless, of the UK. With no analogue phone service to fall back on, the Mannesmann consortium has no alternative but to market its service hard – a move which the Deutsche Bundespost Telekom Bundespost will have to match.

Mobilfunk has started trials of its "D2 privat" service in 15 urban areas, and plans to operate a full commercial service later this year with services to 80 per cent of the German population by the end of 1992.

At about £1,200 for a carphone and up to £3,500 for a hand portable the price of GSM phones is likely to prove attractive to the German consumer – they are not dissimilar from those already charged for phones to work on the existing radio phone network.

But the figure is considerably more than the giveaway prices of analogue cellular phones in the UK today. The appearance of the phones, particularly hand portable units, could also be detrimental to their popularity in the UK, says Don Burns, corporate vice president and general manager of Motorola's European Cellular Subscriber division.

He points out that today's portable phones can be stowed in a pocket, while the portable phones for GSM will be the size of a small brick. And further developments on analogue phones means that they are likely to get even smaller.

Most manufacturers believe it will take until 1995 before there are more digital phones than analogue ones in use. But by the end of the decade phone companies could be exploiting the digital capabilities of the networks to extract extra revenue from mobile facsimile and personal computer services.

Still in question, though, is whether the pan-European collaboration can create a strong European electronics manufacturing base and keep Japanese manufacturers – which had dominated the UK scene for analogue cellular handsets – out of the market. On the infrastructure side (the exchanges and the base stations) Alcatel, Ericsson, Motorola, Nokia and Siemens are the big players.

What company will prove dominant in the handset market is still questionble. No Japanese manufacturer is yet thought to have negotiated licensing agreements with manufacturers such as Motorola and Philips, which precludes the rights to manufacture. (Although GSM is seen as an open standard, its specification infringes patents from several manufacturers, who are licensing the right to use these to other equipment makers.)

However, no one doubts that Japanese manufacturers will want to participate. "I believe they will all move in once it gets down to the consumer level and brand awareness becomes important," says Reece. "Although Motorola is very well-known in the communications business, few people recognise it as a consumer company, unlike Sony and Panasonic."

European manufacturers will be unable to sell their equipment outside Europe unless Motorola licenses them to do so – the licensing agreements so far are only for equipment to be sold in Europe. And even if Motorola concedes, few countries now favour GSM. Australia, New Zealand, the Gulf states and some African countries are talked of enthusiastically as potential markets, but the US and Japan – the two biggest potential markets – are both veering towards different digital standards.

In the short term, however, the main focus has to be on getting services in operation and phones on sale. The tightness in the original schedule, in particular in not building in enough time for systems testing, has caused the setbacks, says Garry Garrard, mobile communications manager at PA Consulting. "The worst thing that could happen for any operator would be to introduce a service and then run into problems because the network wasn't fully tested."

Delays in setting the specification has also meant delays in developing the equipment to test the phones. The complexity of the weighty 2,000-page specification also means that when phones are submitted the tests could take up to three months to complete.

Nokia, which has developed a fully-working GSM car phone, believes the only way is to introduce a series of interim approvals in order to get some phones on to the market.

One comfort for the manufacturers is that if France, Germany and the UK commit wholeheartedly to GSM – and the first two seem genuinely committed – then that will account for 60 per cent of the potential European market. That will be enough to manufacture in volume and bring down equipment prices.

Thursday's technology page will examine US digital mobile communications. An article on UK services appeared on the features pages yesterday.

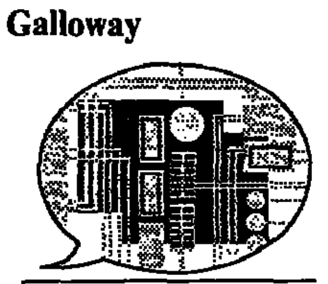
Installed base

Thousands	1990	1991	1992	1993	1994	1995	1996
Total analogue	3,465	4,612	5,771	6,462	6,687	6,649	6,378
Total GSM		12	264	1,089	2,545	4,460	6,837
Total subscribers	3,465	4,624	6,036	7,551	9,232	11,108	13,215
Market penetration	0.9%	1.1%	1.5%	1.9%	2.3%	2.7%	3.2%

Source: BIS Strategic Decisions

Turning aspirin into a profit

By John Galloway



GUEST COLUMN

A pharmaceutical company's dream come true? A drug with several promising applications and hundreds of thousands of patients a year worldwide taking it long term. But is it an opportunity for industry – or only a dilemma?

The drug is aspirin, medicine's old friend. It sells for no more than about a penny a tablet and is unlikely, even in the best possible circumstances, to make companies rich. Indeed, it would be a test of corporate ingenuity for companies to create benefits for themselves from aspirin to match those now flowing so strongly from other sectors of preventive medicine.

Aspirin's latest accolade came earlier this year in papers in the Lancet and the Journal of American Medical Association (JAMA). In approximately a tenth of cases, pregnancy causes high blood pressure in the mother which may lead to a severely underweight baby. Low birth weight is the clearest indication of poor health and development in a young child. In extreme cases the baby may be born dead.

In the JAMA paper, authors Thomas Imperiale and Alice Petrulis of Case Western Reserve School of Medicine pooled the results of a number of clinical trials looking at the effectiveness of aspirin in reducing the risk of pregnancy-induced high blood pressure. The risk seems to be reduced by approximately 65 per cent; that of a severely low birth weight baby by 44 per cent.

Aspirin has also been proven to reduce strokes and heart attacks in those people at particularly high risk by preventing blood clots. Aspirin seems to be just as effective as much more expensive drugs with similar modes of action, like ticlopadine used to prevent strokes, and streptokinase, the well-known "clot buster" widely publicised as *the* treatment after myocardial infarction.

The advantage for the pharmaceutical industry of drugs like ticlopadine and streptokinase is that used widely they will be profitable; their cost, however, makes them prohibitive for many patients. Aspirin, on the other hand, can be made available for everybody.

The answer lies in being able to patent methods of adding value to the aspirin itself. Interestingly, one of aspirin's drawbacks has suggested a way forward. Aspirin upsets the stomach of some people who take it. It may even cause bleeding from the stomach lining. Coating the aspirin to delay it from being absorbed until it has passed through the stomach is one way of making aspirin less irritating – and more palatable to marketing directors. Lilly Industries, for instance, markets its version as "Nuseals" at about £4.60 for 100 tablets.

Another solution might simply be to exploit our notorious forgetfulness as patients to actually take our drugs. Perhaps as many as a third of people are unable to comply with a simple prescription or develop the habit of taking drugs regularly.

This is a problem that applied psychologists and others with an interest in the practical side of medicine have been addressing for some years. The packaging of contraceptive pills aims to ensure that women do not forget to take them. Possibly more effective opportunities are opening up by miniaturisations of electronic components. These experimental devices work by testing patients' compliance in taking medication long term.

Experimental versions are already being developed with visual messages. There does seem to be plenty of scope for doing something interesting and useful for the increasing number of long-term aspirin takers and turning a respectable profit as well.

The author is former director of public relations at the Cancer Research Campaign.

MANAGEMENT: The Growing Business

When doing homework pays off

Anthony Moreton reports on a consultancy which picked an inauspicious time to get off the ground

To launch a financial services company just as a recession is getting into full swing might be thought a touch unfortunate.

Despite the timing, Opus Consulting, which opened for business last October, has managed to stay afloat on an ebbing tide. "We did our homework very thoroughly," says Phil Morgan, its chairman, "with the result that we had a very good first quarter.

"We exceeded targets easily to start with, though it got a lot tougher in the second quarter, and in the third to the end of June this year, tougher still. Nevertheless, we are still ahead of budget and as the recession eases we shall be in place to capitalise on our good start."

Opus describes itself as a multi-discipline, human-resource consultancy. In non-jargon English that means it fits round pegs into round holes, combining the functions of a head-hunter, business planner, corporate relocator, project manager and psychometric assessor.

The company was set up with offices in Cardiff and Swansea by four colleagues. Three of them – Huw David, Bob Edwards and Lucean Headen – working together in Swansea for the Link Organisation, an employment consultancy, had just started getting itchy feet as 40 approached when their company was bought by CRT, a City-based financial services group.

"We had been talking about the future before CRT arrived on the scene," Davies says. "There was a certain restiveness among us. We were all in our late 30s/early 40s and were wondering about the future. The arrival of CRT crystallised our thoughts because we felt it would not take the company down the road we wanted to travel."

About the same time, Morgan had returned to Cardiff from London where, after spells in Switzerland and the US, he had been a director of Spicers Corporate Finance. Morgan, by then operating as a sole practitioner, liked their ideas and the four formed Opus, his financial know-how complementing their human resource specialisms.

"Without Morgan's financial knowledge we would have had a difficult time," Edwards concedes. "We had business experience, but we were novitiates in financial matters. To have a professional on board is absolutely essential when starting up."

But there are professionals and professionals. Davies has little time for some of the advisers they employed. "As a provider of professional services we deliver far more to our clients than a lot of the professional advisers offered us. We had to scrutinise their work closely. Many of them are just producers of documents, not advisers."

Lesson one for the emerging firm, in Davies's opinion, is to pick the right professionals. Lesson two is not to be caught by their practices. "They will take you for a ride if they can. Legal fees were very high. One property firm wanted us to pay their legal fees as well as our own."

Lesson three is to find an alternative when the bank wants collateral personal guarantees. It's a problem every small company comes up against when it seeks finance: directors' houses, pensions, shares all have to be put up against a loan.

"Too few beginners know about uncollateralised personal guarantees," says Morgan. "Always go for that. If things go wrong the bank then does not have an automatic right to your assets. That gives you time to put things right."

Lesson four is that it helps to know, or bring on board someone who knows, the system – the things officials will not volunteer but which are within the rules and can make a big difference to cash flow.

Take Vat. Opus opted for the cash-accounting method of payment, by which companies with a turnover of less than £375,000 a year can opt to pay their Vat on receipt of payment rather than at the point of invoice.

"We benefited in the first quarter by about £8,000 by operating this way," says Morgan. "Customs and Excise will not necessarily volunteer this information, but it's quite legal and makes a hell of a difference to the start of a business, when cash is so tight."

These lessons are all the more apposite given the present economic climate. "The market is immensely difficult," Morgan says. "Companies are taking longer over recruitment; where they previously made a decision in days or weeks they now take months.

"Fewer of them are actually looking for people. Everyone is battening down the hatches, even here in south Wales which has weathered the recession better than many other parts of the country. So you have to see more clients to get a smaller amount of work."

Bob Edwards (left), Lucean Headen (6th left) and Phil Morgan (right) with some of their colleagues

Edwards puts it more graphically. "We are working one and a half times harder to pull in three-quarters the fees we earned two to three years ago." The hard work is paying off, though. Against a budget turnover of £260,000 in the first year, the company achieved sterling £200,000 in the first eight months.

Opus has worked for companies in Wales such as Morganite, Avana, Spontex and Development Plastics, and outside Wales for Bowater, Volvo Concessionaires, Modular Automation and Schade, a German-owned concern operating in Birmingham. Edwards says a decision was taken to see southern and middle England and not just Wales as the market.

"Anything south of the M62 motorway," says Davies, drawing an imaginary line on the desk between Liverpool and Hull. "There's still a lot of business out there and we aim to get a good share of it."

The attractions of going shopping in Portugal

William Dullforce explains a venture capital group's $10m interest in the Inovação retail group

Portugal offers unusually interesting opportunities for investments in fast-growing young businesses, according to Argos Soditic, a Geneva-based finance company linked with S.G. Warburg, the London merchant banking group.

Last month Argos Soditic arranged a deal in which Euroknights International, an investment company specialising in medium-sized businesses, paid $10m for a 26 per cent stake in Inovação, the holding company for Portugal's third largest retailing group.

After almost tripling its turnover to $330m in three years, Inovação is set on an aggressive expansion programme which involves the establishment of four new hypermarkets; this should nearly triple sales again over the next four years. To sustain such growth, it is estimated that Inovação will need capital investments equivalent to around $125m in the next three years.

Argos Soditic, the brainchild of Wladimir Mollof, a Bulgarian-born Frenchman and its chief executive, specialises in development capital operations and in mergers and acquisitions for companies whose current turnovers range from Ecu25m to Ecu300m ($30m-$350m). It demands a high performance. "We aim for an internal return on capital of 40 to 45 per cent a year," Mollof says. Investments in turnround situations or start-ups are not favoured.

According to Mollof, when Argos Soditic started to look for opportunities in southern Europe, it found that Portugal offered advantages not found in other countries.

Edoardo Bugnone, the partner who handled the Inovação deal, lists them as "economic growth factors at levels close to those of East Asian countries, political stability, a European mentality, acceptable financial conditions after the renovation of the banking system and receptivity to foreign investment".

Portugal's main tasks, Bugnone said, was to make up lost time after the 1974 revolution and to respond to the challenge of the European Community single market in 1992 – which shortened the amount of time available to Portuguese companies for modernisation. For most companies the only way was to allow foreign investors to participate with capital and know-how.

But once Argos Soditic had taken a serious look at the picture, it decided to explore companies which would profit more from the internal growth of the Portuguese economy than from the opportunities available in other European countries. Portuguese purchasing power was growing annually by 5 per cent in real terms and the level of savings was one of the highest in the world. "Our interest focused on consumer goods and organised retailing," Bugnone says.

Inovação already had a large presence in the market, was growing very quickly and had efficient management. Lightly geared, it had chosen to finance its expansion mainly through equity and was looking for international contacts that could help it develop new projects, Bugnone says. Its growth plans were ambitious but realistic because they were backed by a strong competitive advantage; no other retail group in Portugal had such quality store locations.

Wladimir Mollof

INOVACAO

$m	1990	1991est
Sales	330.0	448.00
Pre-tax profits	11.00	17.00
Cash flow	16.00	23.00
Net worth	44.00	70.00
Total assets	107.00	158.00
External debt	2.80	5.60
Debt/equity	0.07	0.08

Source: Argos Soditic

The group was launched in 1980 by its present managing director and principal shareholder, Domingos Marques Lopes, who established under the Ino name a chain of small stores with an average surface area of 300 square metres. Its growth accelerated from 1986 after Ino realised that it had to respond both to the rapid expansion of the Portuguese distribution business and to foreign groups which had started to gain footholds.

By investing in new, larger stores, Ino Supermercados has acquired 52 sites throughout the country and will, according to Marques Lopes, within the next two years become a chain of 60 stores with an average surface area of 1,800 square metres in most urban centres where the customer catchment exceeds 20,000.

Marques Lopes claims to have few worries about the competition which, he says, has spent too much time wrangling over the constantly evolving retail market. Ino's sales, equivalent to some $90m in 1990, nearly doubled in two years.

It is now listed on both the Lisbon and Oporto stock exchanges, has just increased its share capital from Es 1.5bn to Es 2bn and holds reserves exceeding Es 2bn. Inovação has a 52 per cent stake in Ino.

But Ino is not the only arrow in Inovação's quiver. On the retail side it has launched Feira Nova Hipermercados, a hypermarket company which opened its first store in June 1989. A second will open in October and the company is seeking permission to develop four more sites it has acquired.

Inovação owns 61 per cent of Feira Nova, which had sales equivalent to $70m last year and expects turnover of around $120m this year, including two months' sales from the second hypermarket. At present Marques Lopes estimates the Inovação group commands about 15 per cent of the Portuguese retail market, second to the Sonae group which accounts for about 20 per cent.

Since 1986, Inovação has also built up a wholesale business, initially through Alipor, which took over a cash and carry business in Lisbon. The business grew quickly and has been extended to the north of Portugal through the acquisition of three cash and carry companies based in Oporto. Turnover in the wholesale business amounted to roughly $150m in 1990.

In addition, the group runs a small frozen foods manufacturing company, an insurance broking business, an advertising agency and a property company which has just acquired a site in the centre of Lisbon, for which it plans three non-residential buildings. And, whatever Argos Soditic may have said about investing in Portuguese companies geared to the home market, Marques Lopes confesses that he is now thinking of Spain.

Group turnover this year is forecast to reach some $445m with a cash flow of $23m and pre-tax earnings of $17m.

Euroknights' 26 per cent equity participation is being syndicated among its partners and will form part of an increase to Es 3.5bn in the holding company's capital. The operation values Inovação at Es 160bn, according to Bugnone. Marques Lopes retains a 36 per cent stake; the rest is spread among his associates and some small investors.

Under the agreement, Argos Soditic will represent Euroknights on the Inovação board and will hold blocking minority rights which will allow it to participate in all major strategic decisions.

The group's accounts are to be consolidated and audited by Peat Marwick and it has been agreed that Inovação should be brought to the stock exchange by 1994.

BUSINESSES FOR SALE

Fancy Yarn Manufacturer
West Yorkshire

The Administrative Receiver offers for sale the business and assets of DB Fancy Yarns Limited as a going concern.

The company is a manufacturer of specialist yarns for the machine knitting, hand knitting, and weaving sectors of the textile industry.

Principal features include:

- Annual turnover approaching £3 million.
- Leasehold refurbished mill premises of 36,000 sq.ft. located near Keighley.
- State-of-the-art programmable twisting plant.
- Fully experienced production workforce and highly-regarded design team.
- Good quality broad customer base with substantial order book.

For further information contact the Administrative Receiver, Martin Shaw, KPMG Peat Marwick, 1 The Embankment, Neville Street, Leeds LS1 4DW. Tel: 0532 313000. Fax: 0532 313183.

KPMG Corporate Recovery

Touche Ross

Croft Spa Hotel
Croft, nr Darlington
(In Administrative Receivership)

The Joint Administrative Receivers, Ralph S. Preece and Gurpal S. Johal, offer for sale the freehold interest together with the goodwill and assets of a well established hotel, the main features of which are:

- ☐ Main road site, located close to Teeside airport and A1(M).
- ☐ Turnover approximately £480,000 net per annum.
- ☐ 34 en suite bedrooms.
- ☐ Excellent public facilities including conference and function suite (seats 200) and restaurant (seats 70).
- ☐ Two bars, theme restaurant and leisure facilities.
- ☐ Incorporates two modernised houses for proprietor and management accommodation.

For further information, please contact Ralph S. Preece, Joint Administrative Receiver, Richard Daszkiewicz or Susan Elliott at the address below.

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10-12 East Parade, Leeds LS1 2AJ. Tel: 0532 439021. Fax: 0532 448942.
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UNIT 2
3 Hawthorne Crescent, Skelmersdale, Merseyside
£95,000 Leasehold,
Manchester Office

UNIT 3
38 Liverpool Road, Lydiate, Merseyside
£80,000 Leasehold,
Manchester Office

UNIT 6/7
81/66 Westbourne Road, Huddersfield
£125,000 (2 Units), Leasehold,
Leeds Office

UNIT 8
331 Bolton Road, Salford, Manchester
£82,000 Leasehold,
Manchester Office

UNIT 9
38 Bury New Road, Prestwich, Manchester
£95,000 Leasehold,
Manchester Office

UNIT 10
21 Barlow Moor Road, Didsbury, Manchester
£52,000 Leasehold,
Manchester Office

UNIT 11
12 High Street, Biddulph, Stoke On Trent
£125,000 Freehold,
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UNIT 12
161/163 Ainsworth Road, Radcliffe, Greater Manchester
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UNIT 16
36 Town Lane, Little Neston, Cheshire
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UNIT 17
7 Davyhulme Circle, Davyhulme, Manchester
£87,000 Leasehold,
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UNIT 18
63 London Road, Alderley Edge, Cheshire
£103,000 Leasehold,
Manchester Office

UNIT 19
Unit 1, Gravelly Drive, Newport, Shropshire
£57,000 Leasehold,
Birmingham Office

UNIT 20/21
8 The Arcade and 96/98 Dudley Street, Upper Gornal, Dudley
£105,000 Leasehold,
Birmingham Office

For further details contact:- David Blythe, Manchester Office on 061-833 3311; Keith Evans, Leeds Office on 0532-459 667; David Kettle, Birmingham Office on 021-456 1222 alternatively:- John Willmott, Corporate & Acquisition Division on 021-456 1222

CHRISTIE & Co
CORPORATE & ACQUISITION

T.B. Vause (Cumbria) Ltd.
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale as a going concern the business and assets of the above company operating as a Vauxhall dealership in Barrow-in-Furness.

Principal features include:

- Long leasehold premises of approximately 13,000 sq.ft. on a 1.5 acre site.
- Pilot dealership for Vauxhall's new corporate image.
- 'Masterfit', workshop and bodyshop facilities.
- Annual turnover of approximately £3 million.

For further information contact the Joint Administrative Receiver, Mick McLoughlin, KPMG Peat Marwick, St. Nicholas House, 31 Park Row, Nottingham NG1 6FQ.
Telephone: (0602) 483444 Fax: (0602) 483401

KPMG Corporate Recovery

Bayfleet Holdings Limited
Bayfleet Limited
Electrical Distributors (Lichfield) Limited
East Midlands Supplies (Electrical) Limited

In Receivership

The business and assets of this electrical wholesale group are offered for sale. The company trades from the following leasehold sites:-

Bayfleet Limited

East Midlands Supplies (Electrical) Limited

Maud Street, Boston • Earlstree Industrial Estate, Corby
Inner Street, Grantham (Freehold)
Queen Street, Leicester • Tentercroft Street, Lincoln
Fairfield Industrial Estate, Louth
Northern Road, Newark • Hassell Road Industrial Estate, Skegness
Stumps Lane, Spalding

Electrical Distributors (Lichfield) Limited

Stafford Road, Wolverhampton • Britannia Park, Lichfield
Brickyard, Aldridge

The company's headquarters are located at Commercial Road, Grantham

- *Customer base contains many national PLCs*
- Annual turnover £6.5 million
- *80 employees*

For further information, please contact Stephen Taylor or Jill Howsam at Cork Gully, Cumberland House, 35 Park Row, Nottingham NG1 6FY. Telephone: 0602 470658 Fax: 0602 410192, or John Powell or Bob Young at Cork Gully, 43 Temple Row, Birmingham B2 5JT. Telephone: 021 236 9966 Fax: 021 200 4040

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KITCHEN HOUSEWARES DISTRIBUTOR
FOR SALE

A diversified public company wishes to sell its wholly owned subsidiary engaged in the importation and distribution of kitchen gadgets and housewares. The Company no longer fits the Group's strategic plans.

- The Company has a well established and recognised brand name.
- Profitable with sales of approximately £2 million.
- Gross assets (fixed, debtors and stock) approximately £1 million.
- A long list of major High Street customers.
- Is self-contained and not reliant on the Parent Company other than for finance and accounting.
- Employs 11 staff in total.
- Management keen to remain with purchaser if possible.

The owners of the Company are willing to accept a reduced goodwill payment for a quick and clean sale.

Information Memorandum available on receipt of confidentiality undertaking signed by the principal.

Write Box H9567, Financial Times, One Southwark Bridge, London SE1 9HL

Priest Furnaces Limited

David J Stokes and Michael J Moore, joint administrative receivers, offer for sale the business and assets of this established and world renowned designer and installer of furnaces and thermal process plant for the metallurgical and mineral processing industries.

The principal features include:

- Turnover £11.5 million in the year ended March 1990;
- Excellent reputation and established international customer base;
- Strong order book;
- Experienced and adaptable workforce and management;
- Modern leasehold premises at Middlesbrough.

Potential purchasers should contact the joint administrative receivers at Cork Gully, 1 East Parade, Sheffield, S1 2ET. Telephone (0742) 729141, Fax (0742) 598202.

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with large & unique range of questionnaires & software products.
Turnover £400k per annum.

Write Box H9578, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

Polar Distribution Services Limited

In Administration

Available for sale the business and assets of a cold store operator with sites in Humberside, Scotland and Northern Ireland. Assets include:-

- Leasehold cold stores in Hull, Cleethorpes and Belfast
- Freehold cold store in Edinburgh
- Freehold cold store and food distribution operation, Glasgow
- Freehold cold store and fish processing plant, Conan Bridge, Scotland
- Plant and equipment includes cold stores, vehicles, fish processing and packing plant
- Projected sales 1991/92 £6 million

For further information contact the joint administrator, E Klempa, Cork Gully, Albion Court, 5 Albion Place, Leeds LS1 6JP Tel: (0532) 457332, Fax: (0532) 434567 quoting reference EK/SH.

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Sandersons Garage Limited
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business assets of the above company, based in Spalding, Lincs, principally comprising:

- *Freehold garage on 'A' road location offering petrol, parts, service, repairs and new and used car sales facilities*
- *10 employees*
- *Plant, machinery, stock in trade*
- *Turnover £1.5 million*

Interested parties please apply for brief particulars of sale to the Joint Administrative Receiver, T. Frid, Ernst & Young, Provincial House, 37 New Walk, Leicester LE1 6TU.
Tel: (0533) 549818. Fax. (0533) 551357

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PROFITABLE
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Blue chip company offers for sale, all intellectual property relating to the Pulvermatic range of heavy-duty, general purpose waste shredders.

- Fully patented designs
- Projected sales 1991 – £570K. With considerable potential for expansion.
- Gross margin 1990 – 24 per cent.
- Customers include MOD, blue chip companies and an expanding export market.
- Stock and demonstration machines.

For further information and full business profile contact: Colin A. Tester, Business Development Manager, on 0942 815111 or Fax on 09 42 81 49 53.

PROCESS ENGINEERING AND PROJECT MANAGEMENT COMPANY

- Serving Pharmaceutical, Speciality Chemical, Food and Power Industries with blue chip client portfolio
- Turnover £2 - £3 million
- Location South-west
- Established for 7 years
- Experienced management team in place

Write Box H9515, Financial Times, One Southwark Bridge, London SE1 9HL

Albion Scott Limited
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale, on a going concern basis, the business and assets of this renowned specialist book wholesaler and retailer.
Key features include:

- *Established over 20 years, specialising in books on motor cars, transportation and military*
- *Worldwide mail order business*
- *Overseas retail outlets*
- *Turnover in excess of £2 million*
- *Freehold premises of 16,100 sq ft comprising office, warehouse and retail outlet based in Brentford within easy access of A4 and M4*

For further details please contact M. E. Mills or W. M. Roberts, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU.
Telephone: 071-931 4159. Fax: 071-928 0425.

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Opportunity to acquire the business and assets of:

Ashcroft Technology Limited

Key features of this leading European manufacturer of Mica capacitors for the telecommunications sector include:

- *Mica and ceramic capacitor and film metallisation facilities*
- Office and factory premises in Gt Yarmouth, Norfolk comprising 11,360 sq.ft. (approx)
- Turnover in the year ended 31 December 1990 £1.6m
- Order book
- Established German marketing division
- Workforce of 50

For further particulars contact the Joint Administrative Receivers Jonathan Sisson or Mark Palios of Cork Gully, The Atrium, St Georges Street, *Norwich, NR3 1AG, telephone (0603) 619425, fax (0603) 631060*

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Cork Gully

Quality Caravans Limited
caravan MEGAstore

Opportunity to acquire the business and assets of long established caravan retailer based in the East Midlands

- Turnover approximately £10.0m per annum
- 5 acre purpose built site including approximately 50,000 square feet indoor exhibition centre
- Largest multi-franchise retail outlet in the UK
- Eighteen bay workshop facilities

Assets available for sale include freehold/leasehold property, goodwill, stocks, and plant.

For further information please contact the joint administrative receiver Bob Bailey at:- Cork Gully, Abacus House, 32 Friar Lane, Leicester LE1 5RA Tel: 053-622338 Fax: 0533-536929

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The Joint Administrative Receivers offer the business and assets for sale as a going concern of:

Wallace International Limited

- The leading UK and European Continuity Marketing Company
- Turnover £40 million
- Customer base of leading European Supermarkets
- Substantial forward order book
- Based in North London and Dudley
- European subsidiaries in Spain, Italy, France, Belgium and Holland

For further particulars, contact Tudor Nicholls or Christopher Barlow, Joint Administrative Receivers, Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ Tel 071 606 7700 Fax 071 606 9887

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Business Transfer Agents

This must be one of the most profitable private practices in England. Established over 40 years, based in the North and showing excellent audited net profits.
Splendid freehold offices, competent work force, fully computerised and having large car parking facilities.
Ideal organisation for leading financial institutions.
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Genuine enquiries from principals only please, no agents or intermediaries.

Write Box H8308, Financial Times, One Southwark Bridge, London SE1 9HL

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A profitable creamery in a rural area with good milk supply. T/o £4m approx.
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Modern buildings in generous leasehold site.

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Our principal business activities include:-

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Our impressive customer base consists predominantly of Times 1000 companies. To enable us to elevate our market position, and accelerate our growth, we are seeking acquisitions of, or merger opportunities with, companies which either complement our current business streams, or are in adjacent businesses.

Interested parties are invited to contact, in strict confidence:
Write Box H9557, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESS FOR SALE

Touche Ross

PDL Airport Support Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of this Hampshire based company.

- ☐ Manufacture and design of aircraft maintenance docking systems, passenger stairs and other associated ground support systems.
- ☐ The company operates from leasehold premises in Romsey, Hampshire.
- ☐ 20 employees.
- ☐ Turnover approximately £2.5m.

For further information please contact the Joint Administrative Receiver, Mr Harold Wilks or Mr John Burgess at the address below or at the company's premises (telephone number 0794 830550).

Carlton House, Carlton Place, Southampton SO1 2DZ.
Tel: 0703 334124. Fax: 0703 330724.
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BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
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ITL

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The employees are loyal and highly skilled.
Situated in leasehold premises in St. Leonards - on - Sea (near Hastings) East Sussex.

Further enquiries from the administrative receivers:-
Leonard Curtis & Associates
20 New Road, Brighton, East Sussex, BN1 1UF
Tel: 0273 571946 Fax 0273 681974 LEF/11/N

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Turnover £400K per annum

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N.W. Central London
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Fully staffed, operational. Will suit producer/record company. 2 modern studios & duplicating suite. Lounge and management offices. New lease negotiating now. Low rent. Financial terms are available. Goodwill at 1½ years purchase based on c.£30K profits, plus assets at below valuation.

Further information call: L M Consultants 071 289 6081

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the business and assets of

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One of Europe's long established leading promotional products companies complete with in-house printing and manufacturing operations.

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For further information please contact C J Barlow or J C Farrimond at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ Tel: 071 606 7700 Fax: 071 606 9887 (Ref: SH 422)

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Pullman Pans Ltd
(In Receivership)
Penicuik, Edinburgh

The above is an established bakeware manufacturing company with a significant market share.

- Heritable property of c.30,000 sq. ft.
- Annual turnover of c. £2 m
- Substantial order book.
- Niche market products.
- Experienced workforce.

For further details, please contact the Joint Receivers:
J M Birch or D D McGruther,
Grant Thornton,
PO Box 151,
112 West George Street,
Glasgow G2 1QF.
Tel: 041-332 7484
Fax: 041-333 0581

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Latham Crossley & Davis

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The Joint Administrative Receivers, D A T Wood & P M Appleby invite offers for the business & Assets of:

- 2 independent sites in N East
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Offers will be considered for the sites separately.
For further details please write to:
D A T Wood and P M Appleby,
Latham Crossley & Davis,
Arkwright House, Parsonage Gardens,
Manchester M2 3 LE. Offices also at
Chorley London Newcastle Sunderland
Rochester Wigan Yarm

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Well respected, old, established business profitably engaged in the preparation and copying of Executor and Trust documentation. Turnover approx £100k pa serving a number of institutions. Accommodation lease due for renewal but can be re-located within a 40 mile radius of London.

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Turnover: £6m per annum
Area of operations: East Midlands
Established: 1971
Net Profit before appropriations: £1.2m
Land Bank: 800 residential plots
Plot usage: 75 per annum
Operations: Housebuilding & Contracting
Reasons for sale: Retirement of Principal, continuing services available. For further information please write to:
Write to Box H9565, Financial Times, One Southwark Bridge, London SE1 9HL.

FREIGHT FORWARDING

East Anglian based company for sale with established European links and good history.

Extremely efficiently managed and ready itself as a base for growth by merger or acquisition in the industry.

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Heavily involved in UK and European transport warehousing and freight forwarding Turnover £3,000,000. Well respected company with small well trained staff. Freehold premises.

Write to Box H9546,Financial Times, One Southwark Bridge, London SE1 9HL.

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Midlands based finance company specialising in motor vehicle hire purchase. Established 20 years. Outstanding balances approx. £4m. Very low bad debt provision.

Enquiries write Box H9554, Financial Times, One Southwark Bridge, London SE1 9HL

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Profitable Horticultural Wholesaling business for sale covering the South West of England. Single location well-centred to provide efficient services to the area. Retirement of principals will follow. Turnover in excess of £3.5 million.

Write Box H9553, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

ACCOUNTANCY PRACTICE FOR SALE, Sussex coast. Gross fees and commission 1990 £80,000, net profit £51,000, 40 clients. Ideal sole practitioner. Write Box H9570. Financial Times, One Southwark Bridge, London SE1 9HL

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The Joint Law of Property Act Receivers offer for sale

THE CAMELLIA HOTEL

The hotel is located in the Bayswater area of London, overlooking an Edwardian square, and comprises:

- ★ 41 bedrooms with en suite facilities.
- ★ Lounge/dining area for residents.
- ★ 24 hour porterage.
- ★ Grade II listed.
- ★ The property is currently operating profitably.
- ★ Possibility for redevelopment or conversion to corporate headquarters.

For details, contact David Knight or Peter Mills on 071-637 5377 at the offices of Smith & Williamson, No. 1 Riding House Street, London W1A 3AS. Fax: 071-323 5683.

Smith & Williamson, Chartered Accountants Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business	Smith & Williamson Securities Authorised institution under Banking Act 1987. Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

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Major Video Production Facility

The Joint Administrative Receivers offer for sale, on a going concern basis, the business and assets of Wyvern Television Limited trading as Wyvern Corporate Communications, based in Swindon. Key features include:

- *Turnover £3.1 million for the 12 months to March 1990*
- *Work force of 10 skilled staff/technicians*
- *Freehold premises in Swindon*
- *Leasehold premises in London*
- *Modern studios, location equipment and post-production facilities*

For further details please contact Cedric M. Clapp, Ernst & Young, One Bridewell Street, Bristol BS1 2AA. Tel: (0272) 290808. Fax: (0272) 260162.

ERNST & YOUNG

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of interest to developers and investors
54 WALDECK ROAD, CHISWICK

The Receiver has for sale the above freehold partially developed site in Chiswick close to River Thames.
Main features are:

- Site approx. 0.15 acre
- Good access to M4 and South Circular Road
- Planning consent for four self contained business units (Class B1) with associated parking
- Drawings and plans of development available

For further information please contact:
SINGLA & COMPANY,
Chartered Accountants.
49 Queen Victoria Street
London, EC4N 4SA
Telephone: (071) 236 2184

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ICR VOICE RECORDER

40 channels - complete with timer alarm and tape degauser and tapes.
Four years old. Original price over £32,000.
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Walnut 6ft x 4ft with brown antique leather top.£1400.
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EDUCATION FOR INDUSTRY

The FT proposes to publish this survey on
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FT SURVEYS

ARTS

The diminishing value of novelty

Today's young artists are all head and no heart, says William Packer

Three current London shows, taken with the recent announcement of the short-list for this year's Turner Prize, must give anyone at all concerned with the present state of British Art Education and, by extension, institutional British Art at large, considerable pause for thought.

Fresh Art is the inaugural National Fine Art Degree Fair (sponsored by the Business Design Centre, Upper Street, Islington, N1: until August 11) organised by the National Association of Fine Art Education to show off its art school wares. *Broken English*, at the Serpentine Gallery (Kensington Gardens, W2, until September 1), is a show of work by eight young artists, six of them recent graduates of Goldsmiths' College. And the *BT New Contemporaries* at the ICA (The Mall, SW1, until August 18: sponsored by British Telecom), shows the work of the 15 art students and recent graduates chosen from the 1,200 who submitted – 10 are from London schools.

There is also the reinstated Turner Prize, to be run at the Tate on November 26 (sponsored by Channel 4), this year worth £20,000 and limited to an artist under 50. Of the four runners, Anish Kapoor, the British representative at last year's Venice Biennale, is the oldest at 38, with Ian Davenport weighing in at 25, Fiona Rae at 28 – both from Goldsmiths' – and Rachel Whiteread, also 28. At level weights it should be hardly a race at all, but then this is no classic.

Kapoor's entry follows the pattern of post-Biennale nomination and he has record *enough to justify it. Otherwise*, it merely demonstrates a contempt for all but the narrowest of current orthodoxies that the jury should turn to three artists barely out of their fashionable nurseries. Among the jurors sat Norman Rosenthal, Exhibitions Secretary of the Royal Academy, and Andrew Graham-Dixon, art critic of *The Independent*. Rosenthal chose two of them, Davenport and Whiteread, for *Metropolis*, his recent agenda-for-the-90s exhibition in Berlin, and now Graham-Dixon has put them into the Serpentine.

To stay with the Turner-Serpentine nexus for a moment, Davenport's Turner citation commends him "for his powerful demonstration of the expressive possibilities of abstract painting . . ." Well: that abstract painting enjoys expressive possibilities is not in doubt; the point is whether Davenport's chic and knowing reworking of an old formula is remarkable in expressing them. His trick is to pour paint of varying consistencies at intervals down his canvases, perhaps *turning it on its side* for another spate. "One of the biggest problems I have," he *says, "is to get it to where it* looks like a blob on a canvas that has dripped or whatever, and there are no real-life associations at all." I would only say that in this, his success rate seems pretty high.

> *'I cannot remember when I was last moved by student work'*

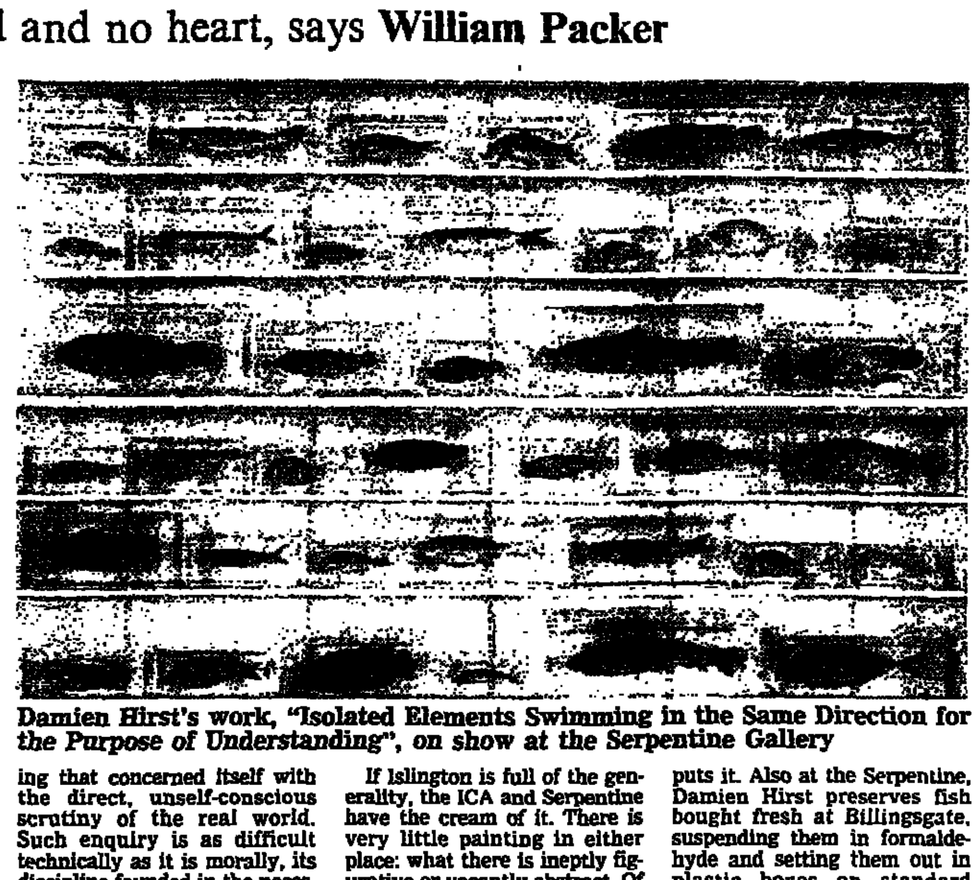
But it brings us to the greater problem, that infects all these shows, and the curatorial and educational attitudes responsible. For Davenport would have a real problem if *he found that "real-life associations"* were what he wished to express. It is hardly his fault that he *has not* been educated in the techniques or principles by which to do so. He is not alone. In all of *Fresh Art* and its 37 college stalls, I did not see a single painting or drawing that concerned itself with the direct, unself-conscious scrutiny of the real world. Such enquiry is as difficult technically as it is morally, its *discipline founded in the necessity of failure* as a means of progress. If evidence of such *discipline is there, it is not* conspicuous, which is a way of saying it is not encouraged.

What is encouraged instead is the engagement with ideas, which sounds reasonable. Rather than personal, intuitive and searching enquiry, Islington is full of clever, knowing, self-consciously professional work, convincing fleetingly on the surface but vapid and empty of spirit. I am often *intrigued or amused by modern* student work, but I cannot remember when I was last moved by it, in the way one may be touched by Goya, Degas, Bonnard, Matisse, Bomberg, Freud . . . All now is of proposition, nothing of resolution, which is far harder.

If Islington is full of the generality, the ICA and Serpentine have the cream of it. There is very little painting in either place: what there is ineptly fig*urative or vacantly abstract. Of* Davenport and his peers we read that "they are unusually *well informed, both about 20th* century art in general and, more specifically, about current art . . ." Their art, in short, is about art and about being artists in the manner of the current avant-garde. "Novelty," says Graham-Dixon, "has become a virtual requirement for success, whether critical or commercial . . . How does a young artist . . . cope with the pressures of this bizarre ortho*doxy of the unorthodox?"* How indeed?

Rachel Whiteread takes plas*ter-casts of sink* or bath or length of drainpipe and offers the mould as the work itself, "resonant sculptures of the spaces surrounding domestic objects . . .," as her citation puts it. Also at the Serpentine, Damien Hirst preserves fish bought fresh at Billingsgate, suspending them in formaldehyde and setting them out in *plastic boxes on standard* shelves, one set swimming one way, one the other. It is a display, an arrangement, a presentation. Michael Landy makes life-size, unencumbered market-stalls and barrows. Angela Bulloch offers chairs with cushions that speak when sat upon. The eponymous *Broken English* of Anya Gallaccio is a broad shallow tank of water in which countless photo-booth portraits float or sink.

Nothing is made, except in the simplest mechanical sense. *There is no evident* intervention of hand or eye, no marginal intuitive response, no surprise. All goes to plan, for anything else would be too risky, or too difficult. It might go wrong, and these young artists have their careers to think about. It is all very sad.



Damien Hirst's work, "Isolated Elements Swimming in the Same Direction for *the Purpose of Understanding*", on show at the Serpentine Gallery

Mazeppa & Carmen

BREGENZ FESTIVAL

The Bregenz Festival, 46 years old, has recently developed into one of the most stimulating summer enterprises in Europe. At the head of its programme are the two big opera productions – one on the *Seebühne* (the floating stage on Lake Constance), one in the enclosed auditorium forming the *terra firma* part of the same complex. The al fresco operas tend to be the big popular masterpieces, staged with ingenuity, amplification, and lavish doses of spectacle; *indoors, there have been in last* few years a string of lesser-known works in sometimes *remarkably exciting modern* productions.

The last time I visited Bregenz, two years ago, both operas provided rare rewards and pleasures: the indoor *Samson et Dalila* (producer Steven Pimlott, designer Tom Cairns) proved a modernisation of the finest kind, severely beautiful *and dignified, while the out*door *Fliegende Holländer* (producer David Pountney, designer Stefanos Lazaridis) provided one of the most dazzling operatic experiences I have had.

This year, success was less uniform. *Carmen* on the lake, produced by Jérome Savary, was effective in its sock-it-to-the-tourists fashion – complete with horses, firework displays, Spanish dance troupes (score and dialogue rudely trimmed so that room could be made for their divertissements), and a ruthless sacrifice of psychological interest to all-purpose show.

The limitations of this *Carmen* could be judged all the more telling for the (inevitable) comparisons one made with the theatrical bravura and intellectual brilliance of that *once-in-a-lifetime Dutchman*. The saving grace was the singing and acting of three roles – Sally Burgess, a marvellously lissome, fiery, vocally lustrous Carmen (singing in excellent French), Nathalie Boissy, a vividly musical Micaela, Edmund Barham an increasingly forceful José in spite of a residual stiffness of personality.

On the other hand, the choice for the Festspielhaus, Chaikovsky's *Mazeppa*, surpassed every possible expectation, being not just well cast with important Russian singers – magnificently so in the case of Sergey Leiferkus's *Mazeppa – but staged by Richard* Jones (in the designs of the Quay brothers) in what I believe to be one of the great modern opera productions of our day.

Alfred Wopmann, the festival Intendant, has made a speciality of introducing to Austria the brightest of the younger directorial talents from Britain. Pimlott, Pountney, Tim Albery (via last year's *La Wally*), now Jones: *in a country* still hidebound by tired tradition it has been a bold move but, *fortunately*, one consistently justified by results. *Mazeppa* had a turbulent preparation period: first the leading lady, Lyubov Kazarnovskaya, departed in mid-course, then a few days prior to opening night the conductor, Pinchas Steinberg, used a television interview to make public his disapproval of "offensive" elements in the staging – and during the premiere itself he reportedly gave the impression of siding with the booers who broke in after the offending scene, the public execution in Act 2.

During the second performance all was calm (apart from a single brief voice of protest at the end of the second act). Indeed, from the audience response there could be hardly a doubt that the dark power of the opera and the peculiar modern poetry of the staging were combining to work a spell. In terms of operatic shock-horror, Jones and the Quays were offering pretty small beer next to the notorious 1984 ENO *Mazeppa*-with-chainsaws staged by David Alden. But then, shock-horror was plainly not their aim – a point to which the enthusiasm of the second-night audience seemed to provide eloquent testimony. (And in fact Steinberg's conducting, though lacking the uninhibited fervour and energy of Mark Elder's in London, seemed to add to the overall impression of deep theatrical seriousness.)

Mazeppa, Chaikovsky's seventh opera, is generally accounted an uneven work of (at best) extraordinary and singular quality: a tale of love destroyed and family ties sundered, set within a Russian-nationalist epic of unremitting violence. Jones and the Quays *have managed to heighten* those aspects of the plot which inspired Chaikovsky's deepest emotional identification, while fixing them within a dramatic frame that encourages both swift-moving narrative and hard-hitting "political" insights.

> *The violence of Mazeppa is set in a context of political nightmare*

The Quays have a gift for eccentrically detailed stage pictures with a wonderful "story*book" quality all their own:* this was enjoyably instanced in Jones's Opera North-ENO staging of *The Love for Three Oranges*. It is again evident, but here to entirely different end. Planes are flat, colours lividly bright, perspectives kinked. Weird objects (futuristic metal loops, a huge nut and bolt, a stretch of Russian script madly inverted) deck the margins, and a tram-track runs down centre stage – at the end of Act 2 an actual tram moves down it to decapitate Maria's *father Kochubey, laid* prone on the track (it was this that provoked the conductor's wrath).

By updating the period to that of the Russian Revolution, the production team has set the violence of the opera in a context of political nightmare to which a 1991 audience can immediately respond – part surreal, part fiercely "real," as the most tenacious nightmares always are. The fate of Maria, seen at the last abandoned and mad, *singing a bittersweetly* poignant lullaby over the corpse of her rejected lover Andrey, *is threaded through* the opera like a folk-tale going horribly wrong.

The general *success of* this richly imagined piece of lyric theatre is to make the opera's unevennesses seem less marked than before, and the peculiar bleak intensity of its musical flavour and theatrical character more potently affecting than ever. The particular is to streamline the narrative – Jones is a *brilliantly direct* story-teller – and to draw from his cast portrayals of unforced vigour.

Among the principals only Vladimir Atlantov (Andrey) afforded the exception to that rule: he semaphored and sang, loudly and (as ever) stirringly. By contrast, Anatoly Kocherga's Kochubey and Larissa Dyadyakova as his frenzied, gloriously full-voiced mezzo wife were both rounded characters. Even though the young Moscow soprano Lyubov Sharnina, *a slender figure and* touching actress, could not do full vocal justice to Maria's dramatic outpourings, her account of the lullaby was piercingly beautiful.

And in the title role Leiferkus showed himself a great artist at the summit of his powers. Without obviously demanding audience attention he compels it through the infinite variety of his word-utter*ance, the proud alertness of his* expression and bearing, the sheer theatrical intelligence that shines from the stage every time he appears on it. (A single, forgivable fault might be that his villain-hero looked here too young and too obviously personable.) The voice sounded in peak condition, heroic at climaxes, capable of defining phrase and verbal nuance with a Lieder-singer's close focus. To the impact of this remarkable, mind-opening, heart-searing *Mazeppa*, his contribution was at once crucial and unforgettable.

Max Loppert

Sergey Leiferkus and Lyubov Sharnina star in the outstanding production of "Mazeppa"

Harvey's Serenade

GLYNDEBOURNE FESTIVAL

With a bequest from the late R.F. Martin, Glyndebourne has commissioned six wind-serenades from as many composers, each to precede – and to be somehow connected with – one of the Mozart operas in this summer's repertoire. Charming idea, though dimly carried through: by my count, not more than about a hundred of the *Magic Flute* audience on Sunday paid a blind bit of notice to Jonathan Harvey's preludial Serenade from the main terrace. Champagne corks kept popping in *the middle* distance. After all, the Glyndebourne tone nowadays is pretty much that of an office party in the City – just slightly dressier, and with elaborately pre-set, fold-up dinner tables proliferating like yuppie toadstools where there used to be family picnics.

Harvey's Serenade, employing ten players in its two movements, gestures directly toward *Die Zauberflöte* twice: Papageno's pan-pipes keep recurring (always choked short) on piccolo, *and the final* chord is in Mozart's E-flat – though so stretched as almost *to defy identification*. Otherwise, both movements generate odd, seductive ensemble sounds; the first regularly alternates a pair of chords which echo Stravinsky's *Sacre*; the second has dancing intentions, broken by too many hiatuses for effective performance *al fresco – one kept thinking* that the breeze must have blown the linking material away. Harvey is probably too wedded to electronic studios now to make a practical open-air composer.

The Peter Sellars *Magic Flute*, which followed, is a tacky little show. It *looks* cheap and nasty: photo-screens of Californian vistas go up and down, deliberately under-focused and vilely tinted, above a 3-D basement of crude pillars. Mozart and Schikaneder conceived *their opera in popular* terms of speech-plus-song, but Sellars cuts all the dialogue down to dry bones. Yet the songs for Papageno, Schikaneder's own role, presuppose all the chatty business that Sellars has reduced to zilch; similarly, Tamino becomes a druggy cipher – in the whole first act Sellars gives him nothing to do but paw his head distractedly – and Sarastro merely *a faceless solo bass* amid his Californian (Sanyassin?) cultists.

In the circumstances, which must be disheartening for most of the excellent performers involved, the new conductor David Angus could not make much of a fist when stepping into Andrew Davis's shoes. Presumably he inherited the sensible Davis tempi, though the Overture (with the LPO winds abrasively strident) sounded hectic. Later, the *ensemble between singers and* band fell apart often enough to suggest very mean rehearsal-time.

So late in the season, it is not worth rehearsing the detailed complaints about Sellars' sloppy travesty already recorded in the musical press. Only Alice Goodman's "English translation," new this year, has escaped properly scathing notice. Not only is it a mishmash of dated Edwardian locutions and self-consciously gross American slang, but it is *full of false accents* (where Mozart's German prosody was impeccably natural) – worse than any Edwardian Englishing.

Though I rather admired Miss Goodman's libretto for the Sellars/Adams *Nixon in China*, either she has a tin ear, or this stuff must have taken her all of an evening or two to run up; or possibly both. For non-Brits like me, it feels nev*ertheless like a satisfying* revenge. "Artistic" Europeans have capitalised so often and shamelessly upon American cultural aspirations, that a plain rip-off like this one – in reverse geography – may count as fair play. Part of the joke is that the cosmopolitan circles, who revere Sellars' *experiments*, overlap hardly at all with Glyndebourne's paying audiences now.

David Murray

National Youth Orchestra

ALBERT HALL/RADIO 3/BBC 2

In recent years the National Youth Orchestra of Great Britain has chosen some highly ambitious blockbusters with which to present itself at the Proms. A policy of going where youth is not supposed to tread has brought big operatic and choral works by Wagner and Schoenberg, while this year's return to a purely orchestral programme could *hardly be classed as a less* massive undertaking.

The orchestra numbered 150, a veritable army of brass included. The fortified ranks of horns and trumpets must have given almost every deserving brass player of qualifying age the opportunity to participate. Massed numbers like these swell confidence, and the orchestra's performance of Shostakovich's war*time Seventh Symphony* crackled with youthful enthusiasm (put a bass drum in the hands of a teenager and you will certainly know about it).

Alongside the symphony's ferocious climaxes there is also a lot of exposed solo work, however. It can be a nerve-wracking experience to be the only player of a large orchestra who is in the spotlight, as those who have seen *professionals go to pieces* in the same situation will testify, and the general confidence of the NYO musicians said much for the standard of the orchestra with its present personnel. Wind solos were almost all first-rate.

David Atherton, who has shown himself to be a stirring interpreter of this symphony at the Proms before, led a sturdy and at best exciting performance. The orchestra *sounded as if he had given it a* thorough grounding in the proper Shostakovich style during rehearsals and there was a sharp cut to rhythmic definition all round, wanting only a fully Russian lack of inhibition. He also did well to keep concentration so keen on a hot evening in the hall.

In the first half, nationalities were reversed when a Soviet soloist joined the *orchestra to play English* music. Yury Bashmet is the most inwardly affecting of viola players and his account of the Walton concerto was distinguished by all the subdued colours and intimacy that one might have expected from him in this most melancholy of Walton's major scores. How refreshing it was, too, to hear an orchestra willing to accompany so quietly.

Richard Fairman

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Song recital by Arleen Auger, accompanied by Melvyn Tan. Thurs: Gustav Mahler Jugendorchester (6718 345)

■ ATHENS

Lycabettus Theatre 21.00 Municipal Regional Theatre of Komotini presents Euripides' Rhesus. Sat and Sun in Herod Atticus Theater: National Theatre of Greece presents Aristophanes' Horses. These performances are part of the Ancient Theatre Month in Athens. Tickets for all Athens Festival and Epidaurus Drama Festival performances can be bought at the festival box office, 4 Stadiou Street (322 1459)

■ BRUGES

Sint-Jacobskerk 20.30 Flanders Festival concert with the Currende Vocal and Instrumental Ensemble, featuring choral music by the early 17th century English composer Richard Dering. Tomorrow in Sint-Annakerk: Salomon String Quartet plays Mozart quartets. Thurs: recital by Arleen Auger. Fri and Sat: The King's Consort (050-448686)

■ COLOGNE

Philharmonie 20.00 Wintergarten, variety show staged by Andre *Heller, runs till Sun* (2801)

■ COPENHAGEN

Tivoli Koncertsalen 19.30 Israel Piano Trio plays trios by Mozart, Copland and Dvorak. Thurs: Rudolf Firkusny plays Dvorak's Piano Concerto. Fri: recital by Aage Haugland (3315 1012)

■ GENEVA

***Hotel de Ville** 20.30 Jost Meier* conducts the Biel Symphony Orchestra in Four Transylvanian *Dances by Sandor Veress* (1944), Ginastera's Variaciones Concentantes (1953), Rudolf Kelterborn's *Four Night Pieces* (1963) and Bartok's First Violin Concerto, wuth soloist Michaela *Paetsch. Thurs: Arpad* Gerecz conducts Beethoven's Fourth Symphony. Sat: Heinz Holliger Trio (289982)

■ HAMBURG

Deutsches Schauspielhaus 20.00 Award-winning Broadway production of the *musical 42nd* Street, daily except Mon till September 8. Matinee and evening performances on Sat and Sun (248713)

Rathaus 20.00 Concert by the Hamburg Symphony Orchestra (300 510)

■ LONDON

DANCE

Covent Garden 19.30 Birmingham Royal Ballet triple bill: Galina Samsova's production of Paquita, Ashton's *Jazz Calendar* and Graham Lustig's Inscape, which has music by Peter McGowan and *designs by Henk Schut. Repeated* tomorrow and Thurs. The BRB season at Covent Garden ends with performances of David Bintley's Hobson's Choice on Fri and Sat (071-240 1066)

Royal Festival Hall 19.30 English National Ballet triple-bill: Alicia Markova's Les Sylphides, Christopher Bruce's Swansong *and Fokine's Scheherazade*. Matinee and evening performances tomorrow. ENB season *runs till August 17* (071-928 8800)

■ MUSIC

Queen Elizabeth Hall 19.00 Opera Factory production of Cosi fan tutte, *directed* by David Freeman, designed by David Roger and conducted by Mark Wigglesworth, with Marie Angel as Fiordiligi and Nigel Robson as Ferrando. Season *runs* till August 23, with next *performances* on Thurs and Sat (071-928 8800)

Barbican 20.00 Caribbean Carnival *Extravaganza*: calypso, steelband and dancing from Trinidad. Runs till Sun, with matinee and evening *performances on Sat and Sun* (071-638 8891)

Royal Albert Hall 19.30 Jerzy *Maksymiuk conducts* BBC Scottish Symphony Orchestra in Sibelius' En Saga, Beethoven's Seventh *Symphony and Britten's* Cello Symphony, with Robert Cohen. Tomorrow: Tasmin Little plays *Dvorak's Violin Concerto. Thurs:* Lutoslawski conducts Lutoslawski. Fri and Sat: Finnish Radio Symphony Orchestra. Sun: London Mozart Players (071-823 9998)

THEATRE

National Theatre

The Olivier has The Resistible Rise of Arturo Ui (1941), Brecht's *allegorical play which makes an* analogy between the rise of Nazism and Chicago gangsters. The production, in a new translation by Ranjit Bolt, is directed by Di Trevis and designed by Ultz, with a cast led by Antony Sher (previews tonight and tomorrow, Press night on Thurs). The Lyttelton has Ian McKellen's Olivier *Award-winning performance in* Richard III (tonight, tomorrow and Thurs). Later in the week, McKellen *stars in Richard Eyre's production* of Eduardo de Filippo's play Napoli Milionaria. At the Cottesloe, *tonight's performance is The Coup*, Mustapha Matura's satirical new play about political revolution in *Trinidad. The rest of the week is* devoted to Christopher Hampton's Olivier Award-winning play White Chameleon, a semi-fictional evocation of the author's childhood in Egypt in the 1950s (071-928 2252) For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ NEW YORK

MUSIC

Avery Fisher Hall 20.00 Hans Graf conducts an all-Mozart programme with the Mostly Mozart Festival Orchestra. Anne-Marie McDermott is soloist in the Piano Concerto No 15, and Jean-Pierre Rampal *and Marielle Nordmann* play the Flute and Harp Concerto, repeated tomorrow. Thurs: Malcolm Bilson plays Piano Concerto No 9 on fortepiano with the Classical Band conducted by Bruno Weil. Fri and *Sat: Peter Serkin plays Piano* Concerto No 17 (875 5030)

New York State Theater 20.00 *Nicholas Muni's production* of La traviata, conducted by Guide Ajmone-Marsan with Sheryl Woods as Violetta, also Sun. Tomorrow: Cav and Pag. Fri: La bohème. Sat matinee: Turandot. Sat evening: Sondheim's A Little Night Music (870 5570)

BROADWAY THEATRE

● Gypsy is the Tony *Award-winning musical with lyrics* by Stephen Sondheim and music by Jule Styne, in a production *using the original choreography* by Jerome Robbins, starring Tyne Daly (Marquis Theater, Broadway at *Forty-fifth* Street, 382-0100).

● Grand Hotel: The Musical, set in an international Berlin hotel in the late 1920s, is directed and choreographed by Tommy Tune (Martin Beck Theater, 302 West Forty-fifth Street, 246-0102).

● Getting Married is the play by G.B.Shaw taking a comic look at the institution of marriage, directed by Stephen Porter (Circle in the Square Theater, 1633 Broadway on Fiftieth Street, 239-6200).

● Les Miserables is the musical based on the Victor Hugo novel, adapted and directed by Trevor Nunn and John Caird with their customary panache (Imperial Theater, 249 West Forty-fifth Street, 239-6200).

● Ticketron answers inquiries and sells tickets (246 0102)

■ PARIS

Eglise Saint-Germain des Pres 20.30 Organ recital by Jean-Paul Lecot, with music by Charpentier, Rameau, Mozart, Haydn and others. Tomorrow at Eglise *Saint-Severin: Les Demoiselles* de Saint-Cyr in a programme of music by Nivers and Clerambault. Thurs at Eglise Notre-Dame du Travail: John Poole conducts Groupe Vocal de France. These concerts are part of the 1991 Festival Estival de Paris, which runs till August 29 (4804 9801)

Gaîté-Montparnasse 21.00 Callas, *a one-woman show based on* interviews with the diva, devised by Jean-Yves Picq, directed by *Dominique Lardenois, with* Elisabeth Macocco as Callas. Runs till Sun (4322 1618)

A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898

■ ROME

Caracalla 19.15 Concert by soloists of the Teatro dell'Opera, followed at 21.00 by Nabucco conducted by Nello Santi, staged by Renzo Giacchieri, with a cast led by Silvano Carroli in the title role. Repeated on Fri and Sun. Tomorrow: Aida. (488 3641)

■ VIENNA

Arkadenhof 20.00 Die Wiener Walzermädchen, a concert of operetta favourites by Kalman, Lehar and others. Tomorrow: Tonkünstler Chamber Orchestra plays music by Dvorak and Mozart (4000 8410)

Schönbrunner Schlosstheater 19.30 Vienna Chamber Opera's production of Le nozze di Figaro, repeated on Fri and Sat. Tomorrow and Thurs: Don Giovanni (824566)

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Tuesday August 6 1991

Why BCCI matters

THE TORRENT of fresh disclosures about the Bank of Credit and Commerce International over the past few days has transformed a scandal about which too little was known into one which threatens global indigestion. But the accumulation of detail from last week's court indictments in the US, along with the publication of the BCCI auditors' reports, does enable some judgments to be made about the issues raised by this extraordinary affair.

These fall broadly into two areas, regulatory and political.

In the first comes the central question of how this bank was able to perpetrate not just a single gigantic fraud, but at least five major sets of fraud over a period lasting a decade or more. The chief manipulators within BCCI had become masters of the art of deception, and it cannot have been easy for the auditors and supervisors to glimpse the truth. One insider managed to blackmail the bank for $32m with the threat that he would reveal all – an indication of the value to BCCI of secrecy.

However one point which emerges clearly from the central Price Waterhouse report on the affair is that BCCI's frauds were not only fundamental to the bank's operations but also required the collusion of a number of its customers and shareholders, and even of other banks. That makes it more surprising that evidence of the frauds was not picked up outside.

False or deceitful

BCCI appears to have been helped by a disinclination among supervisors and auditors to suspect fraud. The first PW report on the bank in April 1990, prepared before fraud was confirmed, describes BCCI's losses and account manipulation in some detail, and also expresses concern about the large loans made to shareholders. Yet, ingenuously it now seems, it never raises the possibility that fraud might underlie practices which looked very strange, even by the creative standards of recent years. There is only a single reference to a set of transactions which PW says have been "either false or deceitful".

It was not until a year later that the alarm bells were rung, and the supervisors moved in. One of the main questions that will have to be addressed by the numerous inquiries now going on into the affair is whether this was a credit to the effectiveness of dissimulation within BCCI, or whether there was regulatory failure. If the latter, the repercussions among the agencies in many countries which were responsible for supervising BCCI will be considerable, and wide-ranging remedies will be needed.

Criminal activities

The political shock waves from the affair are spreading mainly in the US, where revelations about BCCI's involvement with the intelligence community threaten to drag in some prominent political figures. The suggestion is that several government agencies knew of BCCI's criminal activities five years ago, but never told the banking authorities.

However the high profile approach adopted by public prosecutors and congressional investigators make it harder to assess the affair's real impact. More needs to be known about BCCI's connections with the CIA; even if these were substantial, their effect will depend on how much appetite the US public has for yet another spy scandal.

Political fall-out has also hit the third world, in particular the Gulf states and Pakistan where BCCI had its origins and ownership. The accusation made in these countries that the shut-down was a deliberate attack by the industrialised world on a leading third world institution is without foundation. The information now in the public domain makes clear that BCCI would have been shut down regardless of its origins.

But the west will not be able to ignore the effect of the closure in the third world, because the repercussions will not be confined to the banking community. The fact is, however, that the yardsticks by which the international financial markets operate are to a great extent set by the west. The third world will have to come to terms with this if it wants to develop institutions which are ambitious to play on the international stage.

Asean seeks a new role

THE members of the Association of South East Asian Nations are good at expressing fellowship with each other. The recent meeting in Kuala Lumpur of their foreign ministers, followed by annual dialogues with major trading partners, exhibited lots of bonhomie. But questions about Asean's future role went unanswered. Its leaders need to face up to them. If they do not, other, stronger countries are likely to answer them on its behalf.

The association – Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand – was founded 24 years ago to ensure neutrality and has more recently had resolution of the Cambodian conflict as its uniting cause. As Cambodia edges back towards the fold, Asean needs a *raison d'être*.

This should not be in question. The grouping makes geographic sense and, as developing countries with similar economic interests, its members would appear to have a lot to gain from co-operation. Moreover, it makes sense for the rest of the world that the Asean region should speak, if not as one voice, at least in harmony. Its dialogues with the US, the European Community and others are well-established and productive.

Understandably nervous

But members exhibit no common idea of Asean's direction. Attempts at economic co-operation have had little substance, though this seems hardly to have thwarted their remarkable economic progress. All members profess a desire for closer co-operation, but each has different ideas about how to achieve it. They are competing with each other for export markets as well as for foreign investment. Most are understandably nervous of upsetting industrialised countries, which are their main export markets, and of risking removal of trade privileges.

Several members side with most industrialised countries in favouring a grouping already formed, called Asia Pacific Economic Co-operation, as the main forum for future economic ties. But Apec, which includes Australasia and North America, has yet to establish an identity. Separately, Malaysia has suggested an Asian consultative trade group which would exclude North America. Thailand has proposed an Asean free trade area – which would have little impact now, but might be beneficial as the countries become more developed. The Philippines and Indonesia have yet other suggestions.

Fomenting discord

If Asean wants a real role for Apec, it should take a more positive role in shaping its goals. Apec's industrialised members also risk fomenting further discord if they continue to allow Apec to remain a vague concept.

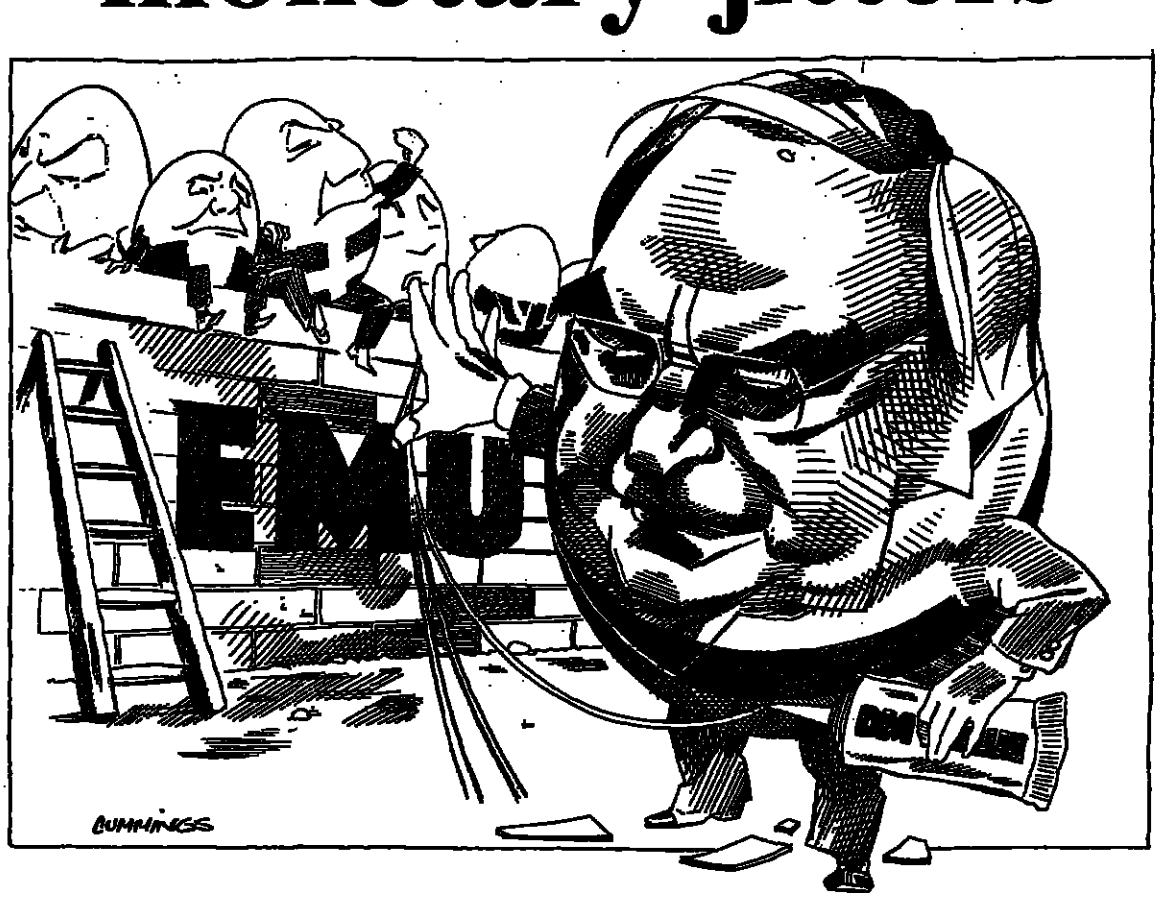
Apec most closely matches the path which the west would like Asean to follow when it comes to discussing the region's security. The US wants to dampen desires for any specifically Asian economic or security grouping – it would like to be at the centre of a loose framework for either. Security is important because there are serious remaining concerns: Soviet glasnost has not been felt as strongly in the east as in the west, and China, North Korea, Indochina and Burma remain problems.

Again, Asean appears uncertain of the best means to discuss the region's security. The Asean ministers' meeting and the subsequent dialogues with trading partners have already discussed security issues, and many participants are comfortable with this. But Malaysia's invitation to the Soviet Union and China to attend the Asean meeting as observers betrayed Asean's confusion. Their closer involvement would not be compatible with security talks.

For both its economic and political future, therefore, next January's summit of Asean leaders in Singapore will be crucial. Before they meet, officials and ministers need to establish common ground. Another display of divergent views would raise serious questions about the region. A south-east Asia divided by rivalries and jealousies would destabilise the security and development of the region. It would make a poor climate for Vietnam, Cambodia, Laos and Burma, all potential members, to set out in the footsteps of their richer neighbours.

Germany gets the monetary jitters

David Marsh examines why Bonn's commitment to the crucial issue of Emu has lost its sense of urgency in recent months



Ever since the dash to German reunification started with the breaching of the Berlin wall in November 1989, Chancellor Helmut Kohl's government has been hammering out one central theme: German unity must inevitably spur on European unity.

This tenet assumes such dominance in Germany – both because of the memory of two world wars and because of the genuine Europe-mindedness of its people – that challenging it adds up to an assault on the credibility of German politics.

Now, however, nearly 10 months after the nation was reforged on October 3, doubts are arising in the crucial area of European Monetary Union (Emu). At issue is whether Germany's commitment to pooling sovereignty with its neighbours may not after all be flagging.

Mr Kohl vigorously denies that there has been any abatement in Germany's zeal to set up, one day, a single European currency managed by a European central bank – a process which would end with the replacement of the D-Mark by the European Currency Unit (Ecu), and with the downgrading of the independent Bundesbank to the status of a regional central bank without powers of its own. "I don't know where you get your scepticism from," he declared recently. "We have absolutely not changed our position."

Nonetheless, signs are multiplying that Germany has toughened its stance on Emu. As a result of several factors – which politicians and officials hesitate to spell out fully in public – setting up a mechanism for advances towards Emu has slipped down the list of German priorities.

One reason is the economic turbulence engendered by the struggle to absorb depression-hit east Germany. West Germany is channelling DM 140bn in public sector transfers to east Germany this year. With the crisis in public finances likely to last several years, Bonn is in no mood to underwrite expensive support for less developed European regions, which countries such as Spain are demanding as part of an Emu bargain.

Second, with unity completed, the Bonn government has less need to make tactful gestures about giving up part of its sovereignty to its neighbours than it did in the delicate phase before October 3 last year. One of these confidence-building exercises was a communiqué from President François Mitterrand and Chancellor Kohl in April 1990 stating: "Our objective is that these fundamental reforms – economic and monetary union as well as political union – should come into force on January 1 1993, after ratification by national parliaments."

The statement, negotiated directly between the Bonn Chancellery and the Elysée Palace (deliberately without the knowledge of the Bundesbank) has now been quietly forgotten. The earliest time for the move to irrevocably fixed exchange rates – Stage Three of Emu – is now 1997.

Third, partly because of the wider perspectives towards eastern Europe opened up by the crumbling of communism, as well as worries about the cost of German unification, political and economic unity with a limited number of western European states has lost some electoral appeal. The feeling has gained ground that Germany would do better to strengthen monetary ties with countries such as Austria and Sweden rather than with southern European countries such as Italy or Portugal.

One distinguished politician in Bonn (a member of Mr Kohl's Christian Democrat party), speaking of the chancellor's domestic political problems, says: "He wants quiet at home. The prospects are best served by giving the impression of slowing down (on Emu)." The politician predicts: "Economic and currency union (with Europe) will go more slowly than last year. And this year, it will go more quickly than next year."

Understandably for a country which has built up one of the strongest currencies in the world, Germany has always attached conditions to the moves towards a single European money. As Mr Kohl said last month: "No one is ready to give up the stable D-Mark for an unstable currency. That is just stating the obvious."

Mr Kohl is pleased that the common policy of EC states on Emu now contains indispensable German objectives. The mooted EC central bank should be independent from government. Fulfilment of Emu will depend on prior achievement of economic convergence and on greater harmonisation in areas such as fiscal policies.

Also, there is now EC-wide agreement with the "two-speed" policy of the Bundesbank: not all Community members need to start on the final phase of Emu at the same time. Germany has proposed that two separate European monetary institutions could co-exist until all 12 EC states are fit to adopt a common currency.

Alongside the planned central bank there could be a council of central bank governors – which the Dutch are already calling the European monetary institute – charged with the job of managing the parity link between the Ecu and the existing national currencies of the weaker EC economies.

Mr Kohl added a further important condition on monetary union in March when he spelled out that he would not sign an EC treaty unless the parallel EC treaty on political union were also ready for signing.

On one level, the formal linking of the political and monetary treaties is entirely logical. The Kohl-Mitterrand communique already dropped a hint of this. By giving up control of the D-Mark, Germany would accede to the long-standing view of countries such as France or Italy that the Bundesbank's *de facto* dominance over European monetary policies needs to be diminished. In return, it is natural, according to Bonn, that Germany demands steps towards common European policies in areas such as crime, immigration or the environment.

Setting up a mechanism for advances towards Emu has slipped down the list of German priorities

And, to increase democratic controls over Community institutions, Bonn wants demonstrably greater powers for the European parliament.

One adviser to Mr Kohl puts it bluntly: "If the others want to control us, they will have to accept our conditions." The problem is that fundamental progress on political union is still bedevilled by differences over defence and security questions which seem unlikely to be resolved quickly. According to Mr Helmut Schmidt, the former West German chancellor and an active proponent of Emu, the idea of linkage between political and monetary union has been "invented" by the Bundesbank and the Bonn finance ministry "to create a hurdle for the Ecu system". One member of the Bundesbank's policy-making central council admits his belief that the political union condition has been added to prevent monetary union from becoming a reality.

Plainly, if the Bonn government mustered the political will to establish Emu, and was sufficiently sure of public support, it could overrule the objections of the Bundesbank – as happened along the road to German monetary union.

However, Gmu spread the Bundesbank's clout eastwards. Under Emu – as Mr Karl Otto Pöhl, the former Bundesbank president, pointed out – the central bank's sovereignty would be given up, not extended. According to Mr Hans Matthöfer, the former Social Democrat finance minister in Bonn: "The Bundesbank will give up power over the D-Mark only if there is a European central bank which is a clone of the Bundesbank. In the meantime, it will try to delay it."

There is considerable evidence that the government would not risk a showdown with the Bundesbank over a question as sensitive as replacing the D-Mark. Another aide to Mr Kohl says that the chancellor well understands the psychological risks of abandoning the currency which is not only the country's strongest asset, but also the very symbol of 40 years of West German success.

Mr Hans Tietmeyer, vice-president at the Bundesbank and a confidant of Mr Kohl, underlined the size of the stakes in a blunt speech recently. In contrast to the more conciliatory public utterances on the matter by Mr Pöhl, both Mr Tietmeyer and Mr Helmut Schlesinger, who has taken over from Mr Pöhl, are well known for their rasping scepticism on Emu.

Although he said he was in favour of European integration, Mr Tietmeyer warned that, through Emu, Germany would "lose a lot, namely one of the most successful and best monetary constitutions in the world". He said Germany needed to retain sovereignty over the D-Mark at least for several more years because of the "difficult situation" after German unity. He added, somewhat ominously: "Unity should not slow down the European unity process. But it should also not speed up the tempo."

One indicator of the shallowness of the entire debate on Emu in Germany is that, all along, the political momentum for the process has been provided not by the finance minister, but by Mr Hans-Dietrich Genscher, the foreign minister. Extremely important technical questions on how eventual conversion of the D-Mark and other European currencies into a new European unit could be carried out have so far been largely ignored. In the three great monetary reforms in Germany so far this century – in 1923, 1948 and 1990 – near-worthless, purely domestic currencies ravaged by political crisis were replaced by new units (in 1990, the inconvertible East Mark by the D-Mark.) In the mooted European conversion, however, a quintessentially hard currency would come to an end. Not surprisingly, one very senior Bundesbank figure draws the conclusion that the Ecu would have to be at least as stable as the D-Mark and the dollar, Swiss franc or yen – a condition which would be near-impossible to achieve – for it to be acceptable.

This is a question which plainly concerns not just the Germans, but the whole international financial community. The D-Mark has become the world's second most important reserve currency after the dollar, making up 20 per cent of international currency reserves. Total foreign holdings of D-Marks amounted to DM 890bn at the end of last year (60 per cent up from end-1985). Foreigners' D-Mark liabilities totalled DM 680bn (up 80 per cent during the past five years).

Working out the interest rate conversion for replacing this vast stock would represent a legal and political quagmire. According to Mr Horst Bockelmann, a former senior Bundesbank official, who is now economic adviser at the Bank for International Settlements, "the losses (for either creditors or debtors) could in individual cases take on dimensions amounting to expropriation".

One intriguing view about the D-Mark's future comes from a senior French official closely involved in Emu negotiations. He says that, in view of the strains likely to beset the German currency in coming years, Germany will realise that merging its monetary fate with that of its neighbours is in its own interest.

If the French official is right, then German enthusiasm for Emu can be expected to pick up again in a year or so. But a crisis afflicting the currency which plays the "anchor" role in the European Monetary System would hardly represent an auspicious launching pad for Emu. If he is wrong, and the D-Mark and the German economy recover relatively quickly from the pain of reunification, then Emu may well remain a mirage.

According to former Chancellor Helmut Schmidt, if Emu is not accomplished before 2000, then it will not happen at all. By the end of the 1990s, he says, the D-Mark – if it has not by been replaced by the Ecu – will be "the dominating, overwhelming currency because of the overwhelming formation of capital in a state of 80m Germans". By then, he warns, the country will be in a "position of great leverage over the whole of Europe" – and neither the German government, nor the German financial community, will wish to give it up.

OBSERVER

Sparring partners

■ There is no smell yet, but there are some nasty noises coming from the normally soporific pool of Britain's genteel spa towns. Ian McCrae, chairman of The British Spas Federation, has had to give Royal Leamington Spa no less, a public warning.

Shock, horror. If Royal Leamington does not pull itself together it may not be permitted to host next year's World Spa Congress. Indeed, the not-so-royal Droitwich, whose private sector spa is bubbling along very profitably, might be asked to pick up the sponge.

McCrae, whose own Strathpeffer spa started the Victorian healthy water craze, had worked hard to persuade his international colleagues to step onto British soil for the first time. But subsequent to this coup, Royal Leamington Spa has closed its spa.

McCrae, who has been working hard to re-establish the international reputation of Britain's dozen spa towns, says he "feels pretty sore" about the whole affair. At a time when alternative healthcare is making a comeback, Leamington's facilities are not proving much of a showcase. "The place is falling to pieces," says McCrae.

Michael Ward, the local council chief executive responsible for Leamington's baths, says he is saddened by McCrae's outburst in yesterday's Times. He admits his spa will not be functioning properly by the time of the 1992 congress, but he blames the economy and – wait for it – the Government's National Health Service cuts.

Retooling

■ Remember Egon Krenz, the 54-year-old former east German Communist boss who opened the Berlin Wall? No. Well how about Egon Krenz, the property developer?

Krenz, forced to step down after only six weeks in office, has already proved that he has a nose for the market. Having bought his home in a posh residential suburb of east Berlin for only 203,000 east German marks, it is already worth an estimated DM1m in real money. Now Gerd Breuer, a west Berlin financier, plans to employ Krenz as a manager with responsibility for investing in low-cost housing.

The idea is not as zany as it may sound. An enormous housing shortage is forcing the German government to boost subsidised housing. Breuer, who takes "particular pleasure" in teaching an ex-Communist leader the capitalist ropes, has faced tougher challenges. An earlier employee he had to knock into business shape is Bubi Scholz – the former German heavyweight champion found guilty of homicide.

Musical chairs

■ In the sixteen years since Tim Rice and Andrew Lloyd Webber last collaborated, on *Evita*, they have enjoyed mixed fortunes, but fortunes is definitely the word.

Rice, 46, the lyric man, had a modest success with the musical *Chess* but has prospered by cashing in on his encyclopaedic knowledge of pop music and producing successful books on the charts. He has also found plenty of time for his other great love, cricket. He is a natural choice to chair the new Foundation for Sport and Arts which will have £60m a year to distribute to worthy causes.

By contrast, Lloyd Webber's greatest commercial successes have been since he split with Rice, notably *Cats*, the most successful musical in history, which generates royalties in excess of £1m. a day. Last year Lloyd Webber, now 43, bought

"Why don't we just issue a directive?"

back the Really Useful Company from the Stock Exchange, but the distractions of a new wife, and a new interest–he is learning to share her passion for horses–have persuaded him to sell a slice of his company for close to £80m. Could he be turning into a better businessman than composer?

Expensive bet

■ With the price of platinum dropping below $350 per ounce for the first time since 1986, the powers that be at Barlow Rand, South Africa's industrial flagship, must be feeling pretty sheepish.

Two years ago Barlow Rand's former chairman Mike Rosholt was boasting that "platinum will be the 'catalyst' which will propel Rand Mines into the 21st century as SA's leading mining house." Instead Rand Mines, which Barlow has controlled since 1971, is expected today to announce a distress sale of its platinum interests to rival Gencor's Impala platinum.

From being the country's largest mining house forty years ago, Rand Mines is now little more than a coal business. Clive Knobbs, who until recently ran Rand Mines' platinum and, equally unfortunate, gold operations, has been the easy fall guy, but the responsibility rests higher up. Barlows and Old Mutual, the large life office that controls them, pressurised Rand Mines to diversify into platinum in the late Eighties, for fear of missing out on the metal of the future.

Meanwhile, Gencor's eagerness to dig deeper into depressed platinum industry is mildly surprising. Brian Gilbertson, who used to run Rustenburg Platinum before being poached by Derek Keys to run Gencor's mining interests, would dearly like Impala to leapfrog Rustenburg. Can it be that simple?

Smoke hazard

■ Edinburgh people have long felt that their city's nickname of Auld Reekie – roughly, Old Smoky – was a bit unfair. After all, in the years before the Clean Air act, the yellow smogs of the old enemy – Glasgow – were far worse than anything you could choke on in Edinburgh

Yesterday, Edinburgh took a further step towards laying the Auld Reekie ghost, when the district council's environmental health committee approved the biggest smoke control order ever made by a Scottish local authority. It covers 27,000 acres and more than 100,000 houses in the east of the city, though only 3,000 of these will need conversion.

Four years hence, only smokeless fuels will be allowed to be burned in houses anywhere in the city. The council is resigned to the idea that the Auld Reekie name will stick long after that "but more with affection than accuracy." As with the Jacobite army, Mary Queen of Scots and other inconvenient guests in the city's long history, fond tales will be told of the smoke once it's safely out of the way.

The awful shape of things to come

Judy Dempsey asks what happens next in a Yugoslavia poised on the brink of civil war

When Mr Hans van den Broek, the Dutch foreign minister, addressed a news conference in Belgrade on Sunday, he discarded the cautious language of diplomacy. Instead, in a tone of despair, he said that negotiations between the European Community troika of foreign ministers and Yugoslav political leaders aimed at working out a ceasefire between Croats and Serbs had broken down. There was, he added, no point in prolonging the mission. The EC officials promptly flew out to Brussels. In doing so, they left one vital question unanswered: what happens next in Yugoslavia?

No doubt EC governments will indulge in a renewed flurry of activity over the next few days. But essentially the key to the future of Yugoslavia lies with the Yugoslavs themselves, and particularly with Mr Slobodan Milosevic, the president of Serbia. The problem is that no one seems to be in a position to bring Mr Milosevic to the negotiating table.

It is abundantly clear now what Mr Milosevic and his supporters are driving at. After weeks of fighting in Croatia, coupled with attempts to destabilise the central republic of Bosnia-Hercegovina, the boundaries of a greater Serbia have been mapped out.

"If the EC does not return to Yugoslavia as mediators, Europe can forget about a Yugoslavia," said a former adviser to Mr Franjo Tudjman, the president of Croatia. "This is exactly what Mr Milosevic wants. There will be one big Serbia, achieved after more bloodshed. Furthermore, if the EC refuses to come back, extreme Croat nationalists will try and topple the government in the capital Zagreb. The fighting in Croatia will then become much worse. The pot is boiling."

As a result of the EC's abandonment of peace efforts, many Yugoslavs fear the worst: Serbia will now be free to press ahead with annexing Serb-inhabited areas of Croatia. These include the Krajina, in the south of the republic, and parts of Slavonia, in the east. A corridor carved out along the north of Bosnia-Hercegovina would unite these regions with Serbia. "This plan is not fantasy, even though it will lead to terrible bloodshed," said Mr Drazen Kucan, an economist from Croatia. But it is also likely to prove a catalyst for greater instability.

Mr Lazar Macura, the minister of information from the self-proclaimed autonomous region of Krajina, last week spelled out in more detail the future shape of a new Serbia. Mr Milosevic's next aim, he said, was to isolate the 2m ethnic Albanians in the southern province of Kosovo which since 1989 has been under direct Serbian rule – presumably to "Serbianise" Kosovo. "We do not want to include the ethnic Albanians in the greater Serbia," Mr Macura said. "We should isolate the ethnic Albanians. We should create a barrier, just as the US treats the Mexicans."

This in turn has implications for neighbouring Albania, which Mr Macura said would soon be brought into negotiations with Serbia. "Let Albania take part of Kosovo. We, the Serbs, will hold on to our orthodox chuches in Kosovo. Kosovo is the cradle of our civilisation," he explained.

A greater Albania, like a greater Serbia, would wreak havoc in the Balkan peninsula. Any forcible redrawing of Yugoslavia's internal and external borders could prompt the neighbouring countries to revive a host of old territorial disputes are revived. Bulgarian nationalists could be provoked into reclaiming part of the Yugoslav republic of Macedonia. Greece could be become embroiled in a border dispute with Albania and Macedonia. Radical parties in Italy could press to reclaim part of Istria, in Slovenia.

The thought of a greater Serbia precipitating a revision of the region's borders prompts two further questions: what do Mr Milosevic and the Serbs want to do with an enlarged Serbia? And how is it to be treated by the outside world?

The seeds of an answer stem from October 1987 when Mr Milosevic was catapulted to power. He promised political and economic reforms, but he has not delivered. Economic and political power – and much of the media – is concentrated in the hands of his supporters. A similar trend towards authoritarian rule has been evident in Croatia. Following free elections in April 1990, the Croat president Mr Tudjman postponed economic reforms, placed his own supporters in positions of economic power, discriminated against the Serb community, and used the media to bolster his power base.

Mr Milosevic also promised to restore to Serbs, the country's largest ethnic group, their legitimate influence in the Yugoslav federation. The late President Tito, a Croat, had tried to curb Serb dominance. That, alas, is the nub of the problem. A Serbian-dominated administration in a democratic Yugoslavia is seen by non-Serbs as a contradiction in terms. The spectre of this kind of Yugoslavia emerging from the ashes of Communist rule precipitated the declaration of independence by Slovenia and Croatia on June 25.

But if Mr Milosevic does succeed in carving out and consolidating the borders of a greater Serbia, it will be in danger of becoming a pariah state. Yesterday, Mr Hans-Dietrich Genscher, Germany's foreign minister, urged the EC to impose economic sanctions against Serbia. "It has to be made clear to the Serbian leadership that this behaviour meets with absolute rejection by the international community," he said. "Nobody should be allowed to help put Serbia in the position of continuing its efforts to redraw Yugoslavia's internal borders by force."

In a belated attempt to halt the Serbian offensive, Mr Tudjman has promised the Serb community in Croatia more cultural and political autonomy. But the gesture, was probably too little, too late.

"A few weeks ago, many of my Serb friends in eastern Croatia said all they wanted was the right to wave their own flags and sing their own songs," a Croat historian said. "Today, I think Mr Tudjman's attempts to reassure the Serbs in Croatia are too late. The propaganda from Serbia is too great. The mood in Croatia against the Serbs will harden. The militant Serb leaders feel they are winning. That is why they will not stop. Besides, do you expect Mr Milosevic to call off the whole game-plan now?"

Any retreat by Mr Milosevic would immediately focus attention on the economy because poor living standards would come under scrutiny, thus undermining his political authority. The same, incidentally, applies to Mr Tudjman. What is surprising is the way in which the population has tolerated the political ambitions of its leaders at the expense of concentrating on economic renewal.

A study published yesterday by the Vienna Institute for Comparative Economic Studies showed that the crisis in Croatia alone will cost $4.5bn, or a quarter of GDP. In Serbia and Croatia, many factory workers are on half pay. Industrial production throughout Yugoslavia will fall a further 23 per cent this year. Unemployment, as high as 40 per cent in Kosovo, will reach a national average of about 20 per cent by the end of the year. The federal government is already seeking rescheduling of about 30 per cent of its $14.6bn external debt.

Austrian, Greek and German truck drivers now take the long route across the Balkans via Hungary, robbing Yugslavia of much-needed transit fees. The tourist industry, which accounts for at least 9 per cent of GDP, has collapsed. Despite this bleak economic picture, none of the republic's leaders have addressed economic reconstruction.

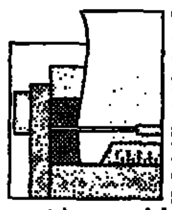
"Nobody talks about the future. Everybody is obsessed about the past," commented a veteran Austrian diplomat. "The EC officials are not dealing with reason. They are dealing with irrationalism and emotions. There are no good guys and bad guys in Yugoslavia today. The place is seething with hatred, pent-up for over four decades. I think things will get worse before they get better."

On watch: if Milosevic, right, and Tudjman do not talk, Croat soldiers will be at war

PERSONAL VIEW

No. Ten should look after No. One

By Christopher Hood and Chris Trinder



The controversy about "greedy bosses" has thus far been all about the high earners of the private sector. But the next top pay debate is likely to be about those on high incomes in the public sector – senior bureaucrats, judges, police and politicians. After many years of public handwringing by the Top Salaries Review Body over growing pay disparities between top public and private sector jobs, a review of top pay is finally being carried out by the Office of Manpower Economics.

What should the Review Body say to the prime minister? Perhaps the best place to start would be with some home truths about what has happened to the PM's own pay. When Lord Wilson was prime minister in 1966, his salary was far higher than that of any other top public official and nearly five times that of a back-bencher. When Mr John Major became prime minister in 1990, his salary was much lower than that of the most highly-paid civil servant or judge; indeed it had fallen to just a little more than two-and-a-half times that of a backbench MP. Why should top judges, bureaucrats and police chiefs command so much more pay than prime ministers? Is this a recipe for able or even honest government?

The comparison with the private sector is equally illuminating. When Mr Edward Heath was prime minister in 1971, he earned nearly five times the average of the top decile of private sector male earnings. Mr Major in 1990 picked up only twice the equivalent sum.

What should now be done? Whoever is PM when the Review Body's report comes to Number 10 will need to ponder the basic issues at stake. What should we value most in high public officials? Is it setting a good example? Is it quality, reliability and integrity? Or is it representativeness?

It is easy to see how setting a good example might top the list of values. In principle, there is much to be said for those in high public office following the Confucian path of being the first to exercise restraint over their own pay and the last to indulge themselves. And there are pragmatic attractions too. After all, a PM heading a minority government would hardly be likely to court bad publicity from the media by letting his own pay rip.

Yet over the past decade the prime minister and other top public officials have have been caught in a squeeze, between slowly rising average earnings, declining relative pay levels for some middle-level public servants and sharply rising private top earnings.

If we value quality, reliability and integrity most, we would want those in high public office to receive a level of salary which would attract the best talent and discourage dishonesty or distortion.

A prime minister who has made loud professions of "charterism" might want to think hard about this set of values. But, like so many of the issues with which an underpaid PM has to deal with, the values do not necessarily add up. Getting the best, ensuring continuity and preventing dishonesty may imply different pay levels.

In general, however, the path which has been followed in recent years in the UK deserves only muted praise. Pay at the top has been well below the levels which would be needed to attract the best and the brightest for continuous service. The famous "inflation-proofed" pensions enjoyed by top public servants since 1971 means that high public officials have more to lose from outright dishonesty.

The UK parliament has scarcely even mooted the possibility of applying to itself anything like the 1990 "pay ethics" package introduced in the US Congress (with its restriction on part-time earnings). Issues such as an effective no-nepotism rule or public disclosure of allowance accounts have in effect been kept off the agenda. There is no strong "revolving door" prohibition either on top civil servants or on politicians quitting their public office and using their contacts and knowledge of Westminster/Whitehall profitably in the private sector.

If we value representativeness most, does that imply that those in high public office should have representative pay, close to that of the average citizen? In principle, this idea might appeal to the populist streak in Neil Kinnock or John Major, but neither has expressed any public enthusiasm for this.

And representative rewards in this sense can mean unrepresentative leadership, because it means that no one of ability can follow a high public sector career without having substantial wealth or backing from the wealthy. True representation may require unrepresentative rewards at the top.

Whichever way these values are ranked, our current structure for rewarding high public office seems to get the worst of all worlds, because it effectively satisfies no one.

Current pay structures seem to reflect a move away from an emphasis on taxable pay as the core of the reward package, which is the very opposite of what a Confucian example-setting approach would suggest. Current salary levels, and rules on matters such as "revolving door" behaviour, are not sufficient to guarantee quality, continuity and integrity. And the relative decline in real rewards for high public office is moving us closer towards the "aristocratic" US pattern in which few can afford to stay for long on a civil service salary and in which politicians have to be millionaires or sponsored by those who are.

In short, the top of the public sector is a case of the "greedy bosses" problem in reverse.

Conspicuous abstinence can be just as bad as conspicuous indulgence. Whoever is PM when the Review Body's report arrives should think first of Number One, because in this case public interest and enlightened self-interest are the same. Instead of condemning the private sector "fat cats" for large up-front pay rises, Citizen Major (or Citizen Kinnock) should follow their example.

LETTERS

Indexed

From Mr Richard Lake.

Sir, Mr David Fitzsimon made a good point (Letters, August 1) in stating that the "Footsie" index might have done much worse if weaker stocks were not replaced by stronger stocks. In fact, with the "Footsie" index the changes are not serious as the capitalisations at the 100-point level are insignificant and minimal to the overall calculation.

While the old 30-share FT Industrial index has been replaced by the 100 stock "Footsie" in London, the US and UK market-makers, brokers and fund managers still use the much older 30-share Dow Jones Industrial index as a guide to Wall Street. This century it has repeatedly rejected weak stocks for stronger brethren. I wonder how much lower it would be with all its original constituents?

Richard Lake,
director,
Hoare Govett
Investment Research,
4 Broadgate, London

Industry sacrificed on altar of financial sector

From Mr David Blunkett, MP.

Sir, The recent fall in bank profits and the loss announced by Midland Bank have led to some very interesting comments regarding future lending policy by our financial institutions.

It is now being made clear that even tighter restrictions will be placed on lending to businesses – particularly small businesses – in the future. The consequence of this is that those who are taking risks – an essential feature of private enterprise – are the ones who are most likely to be penalised.

In addition, those with good ideas which have not been tried and tested elsewhere, are likely to find themselves the victims of the even tighter policy which has already strangled so much of the enterprise and innovation which exists in Britain.

To add insult to injury, the Abbey National is applauded for its profitability and boasts that much of its success is achieved by not lending to business!

What sort of world is it, where key manufacturing industries – including those in my own hard-pressed city of Sheffield – struggle to stay in business in a recession, while making losses, and at the same time the banks believe that whatever the circumstances of the productive sector around them, they must make large profits.

As a consequence, industry is further sacrificed on the altar of protecting the interests of the financial institutions which, in any sensible world, would exist to serve industry, and not the other way round.

David Blunkett,
House of Commons,
London SW1A 0AA

Urban vehicle concept

From D G Tipping.

Sir, John Griffith's article (August 1) describes General Motors' project for an electric car designed to meet California's "zero emission" target. High speed and rapid acceleration appear to be prominent in GM's design brief, with the ideal of producing a vehicle indistinguishable from a conventional car.

To deal with our own urban traffic problems, Britain needs a new concept for the personal urban vehicle, in which acceleration and a high top speed score low in the trade-off with range. Its sole purpose should be to carry the individual commuter or shopper, replacing the saloon car in these uses. An electric family saloon for motorway use is a separate, more distant and questionable project.

Britain has a research programme for the electric car, but perhaps it, too, needs the impetus of legal zero emission targets. Government could also indicate its intention, in due time, to give tax preferences to electric vehicles. Nor should manufacturers' design briefs be guided solely by traditional market research. Government must accept the prime responsibility to secure a quieter, cleaner and healthier urban environment.

D G Tipping,
11 Ardilaun Road, N5

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Not so enamoured of business air travel

From Mr Ernest G Gobert.

I read Mr Betts's article (Business Air Travel, August 1) with increasing disbelief. Has he lately used Club Class in Europe as typically offered by British Airways or Air France?

He talks about "expanding. . .business class cabins with more comfortable seats and more leg room."

My experience is exactly the opposite. The seats are if anything smaller and, it seems, no bigger than tourist class seats. Furthermore, when attempts are made to offer better accommodation – as on BA's Nice run a few years ago when it announced an empty middle seat in the inevitable row of three – the improvement does not last very long.

Mr Betts also talks about "airports reaching saturation point" and air traffic control being "in urgent need of modernisation". What is wrong is that there are too many small aeroplanes flying the same route about the same time. For instance, Lufthansa flies from Hanover to Heathrow with a Boeing 737 at 1720 followed by BA at 1730 with a BA111.

And what has happened to time-keeping. Because the airports and air traffic controllers cannot cope, being late is now so commonplace it is taken for granted. Fewer but larger airlines would cure all that.

Ernest G Gobert,
3 Beechwood Drive,
Marlow, Bucks

Gatt needs a chairman who would span the political divide

From Baron Carl Henrik von Platen.

Sir, It is of paramount importance for the economic prosperity of the world that Gatt succeeds in its efforts to liberalise international trade. Right now the Uruguay Round has to be brought to a successful conclusion. But progress is slow. The reasons are many; two are obvious. First, some of the most intractable problems are not in a true sense economic, but political. This holds true for agricultural questions.

The work of Gatt is also complicated by the formation of economic blocs in Europe and North America. Political factors are at work here also: it is so much easier to win political support for co-operation between neighbours than to reach understanding for the sophisticated global aims and complicated legal framework of Gatt.

As politics play such an important role, the question arises as to the extent of Gatt's competence to deal with political problems. The organisation is led by a director general – traditionally a senior civil servant – plus a commendably small and efficient secretariat. Negotiations are carried out between specialists in their own highly technical Gatt terminology not easily understandable to politicians and voters. To achieve a positive response from member states concerning its problems and recommendations Gatt has to rely on "indirect means" of communications, usually through a minister of trade or senior civil servants in charge of Gatt negotiations on behalf of their respective countries.

However, there is nobody in the Gatt leadership able to negotiate about the political problems with politicians in a language they understand. Gatt would be a much more efficient organisation if its command structure included an internationally well-known and experienced politician as a permanent chairman. The main task for such a person would be to deal with the mainly political problems Gatt is encountering and, whenever necessary, to explain to political bodies in Gatt member countries what Gatt is aiming at.

Who would be a suitable candidate to fill the post as a political chairman? I would suggest, for example, that Britain's former chancellor of the exchequer, Mr Nigel Lawson, would be an ideal choice for this position.

Carl Henrik von Platen,
90 Colongy Park,
Geneva,
Switzerland

FINANCIAL TIMES
Tuesday August 6 1991

Emergency session of parliament-in-exile will attempt to reassert PLO's role

Arafat convenes Palestinian meeting

By Tony Walker in Cairo

AN EMERGENCY session of the Palestinian parliament-in-exile is to be convened next month by Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, amid growing signs of unease in PLO ranks at the latest Middle East peace moves.

The convening of a Palestine National Council session at this sensitive time may complicate efforts by Mr James Baker, the US secretary of state, to resolve the vexed issue of Palestinian representation at the proposed October meeting between Israel and its Arab neighbours.

Mr Arafat's decision to summon the Palestinian's supreme policymaking body to a September meeting in Algiers almost certainly reflects his own intense discomfort at attempts by Mr Baker to consign the PLO to the shadows in the lead-up to the peace talks.

The PLO leader said yesterday that the "holding of a peace conference without the participation of the PLO or of representatives of Jerusalem does not constitute in any case a real peace conference".

Israel, whose hardline government at the weekend approved Mr Baker's proposal for an "opening" to direct talks with neighbouring states, says it will not deal with the PLO. nor will it sit down with Palestinian representatives from East Jerusalem. Israel insists that Jerusalem, including the half captured from Jordan in 1967, is its eternal capital.

Mr Baker, on a tour of North Africa, has been pressing Arab leaders to use their influence with the PLO to persuade it to avoid actions that might attract an Israeli veto of the proposed peace gathering. But the Palestinian leadership fears that if it goes along with Mr Baker's proposals it is in danger of seeming irrelevant.

Mr Arafat, who has conferred with the leaders of Morocco, Tunisia and Algeria in the past few days, seems intent on trying to shore up his position at the head of a fractious movement, hence his decision to convene the PNC.

PLO support for Iraq in the Gulf crisis has put Mr Arafat at odds with the Gulf states and with Egypt – his traditional supporters. His standing in the west is also at a low ebb.

Mr Baker has proposed that "non-controversial" Palestinians from the occupied territories be included with Jordanians in a joint delegation to the proposed peace conference as a way around Israeli objections to dealing with the PLO. The Palestinian leadership says it is willing to consider going along with this proposal, but it wants to be sure that any peace gathering is conducted on the basis of key UN resolutions demanding Israel's withdrawal from occupied land.

The last meeting of the Palestine National Council was held in Algiers in November 1988.

It was an historic occasion at which Mr Arafat, in proclaiming an independent state of Palestine in the West Bank and Gaza, signalled his acceptance of UN resolutions 242 and 338, thus implicitly recognising Israel's right to exist within pre-1967 frontiers.

The mood at next month's summit is likely to be more militant, and extremist Palestinian groups like the fundamentalist Hamas are certain to press for entry to the PNC with significant representation.

Iraqi germ warfare, Page 4

SOICHIRO HONDA

A symbol of Japan's industrial rise

MR SOICHIRO HONDA, founder of Honda Motor, died yesterday at the age of 84, having built a company that became a symbol of industrial Japan's rise from wartime rubble, and of its success in the international marketplace.

The son of a blacksmith, Mr Honda had an early passion for motor racing that fired a determination to build ever more sophisticated engines. That passion also inspired a commitment to compete against established Japanese corporate groupings and against the famous foreign manufacturers whose cars he so admired in his youth.

Surrounded by a corporate culture with a strong emphasis on conformism, Mr Honda encouraged employee initiative and maintained a personal enthusiasm in basic research projects, regarding such work as a form of art and often displaying the industrial equivalent of the artistic temperament.

The enthusiasm was blended with a pragmatic view of success and failure: "To me, success can only be achieved through repeated failure and introspection. In fact, success represents 1 per cent of your work and results only from the 99 per cent that is called failure."

Having started work in an auto repair shop in 1922, he experienced personal failure during a car rally in 1936 when his vehicle crashed and he was seriously injured. He was prompted to take an interest in the more prosiac pursuit of manufacturing piston rings, and founded Tokai Seiki Heavy Industries in 1937.

Soichiro Honda rides his Dream motorcycle in 1957

After conceding that he could not master piston ring casting, he enrolled in an institute of technology, disregarding what was considered the shame of sharing a classroom with students a decade younger.

His wartime customers included Toyota Motor, which bought Tokai Seiki in 1945, and the air force, for which he produced bomber propellers.

At the close of the war he spent time fermenting alcohol and contemplating the likely future of Japan, but was inspired to action by his own frustration at travelling within Tokyo. He began fitting military engines to bicycles and formed the Honda Technical Research Laboratory in 1946.

Two years later he met Mr Takeo Fujisawa, a businessman whose managerial skills balanced Mr Honda's technical talents, and who remained a close associate until his death in late 1988.

Honda Motor itself was founded in 1948 and, a year later, Mr Honda and Mr Fujisawa completed their original motorcycle, the 98cc Dream Type D. That was followed by the Type E, which was a commercial success, and Mr Honda broadened his manufacturing ambitions, though he insisted "technology must serve man" – message he repeatedly delivered to Honda workers.

Honda's entry into car production was opposed in 1961 by the Ministry of International Trade and Industry (Miti), which argued that the market was overcrowded and that existing producers should focus on one of three categories: mass-production vehicles, mini-cars and special-purpose vehicles. Mr Honda ignored the directive.

In 1962 Honda Motor displayed a light-duty truck and a prototype sports car at the Tokyo Motor Show. After perfecting a sports car and racing it successfully, the company began selling a mass-market small car in 1967, the N360, and, well ahead of the competition, Mr Honda turned his attention to developing a cleaner engine.

His preference for mechanics over marketing was reflected in his determination to perfect the air-cooled engine, used in a Honda 1300 released in 1969. The company lost money on the car, and Mr Honda clashed with other executives who wanted to concentrate on water-cooled engines.

Believing his contemporaries lacked vision, Mr Honda persisted with the air-cooled engine until he was persuaded to allow his engineers to work on the water-cooled variety. Mr Fujisawa, then vice-president, is said to have told his old friend: "You can continue to serve as the president of our company, or you can join the engineers."

Mr Honda's ultimate concession reflected a belief that the company was not his private preserve, but equal to the combined abilities of its workers. He sensed he was losing touch with the demands of running an international enterprise and, in October 1973, he and Mr Fujisawa marked the company's 25th anniversary by resigning.

While the company kept his name, the post-resignation title of Supreme Adviser gave him no direct influence on decision-making.

His final years were spent in community work, as a member of government committees, and as the head of international friendship associations.

At Honda, the present generation of workers knew him as the "great father".

Robert Thomson

THE LEX COLUMN

Building hopes in vain

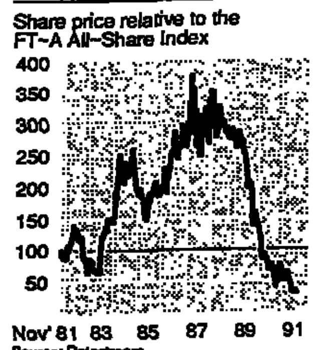
If there is good news for the UK stock market, it is certainly not coming from the building sector. Yesterday's gloomy forecast from the Building Material Producers that construction output will be down 11 per cent this year and another 5.5 per cent next follows the equally numbing projection over the weekend that job losses will reach 250,000 by the middle of next year.

So it does not seem that the construction industry will do its bit in leading the economy out of recession. Investors have already had their fingers burnt this year when they were seduced by optimistic noises from certain boardrooms in the spring. It has been downhill ever since. The construction and housebuilding sector has underperformed by 15 per cent since the start of the year and the more geographically cushioned building materials sector by 10 per cent. Just conceivably, construction has become temporarily disengaged from the cycle. The building of commercial property will take a long time to recover from the lending follies of the late 1980s. As for housebuilders, they need rising inflation to take them out of the doldrums. This time they may not get it.

FT-SE Index: 2,585.4 (-16.3)

TVS

Share price relative to the FT-A All-Share Index



Source: Datastream

TVS

At last there is something good to say about the auction of UK television franchises. If TVS Entertainment can transform itself into one of the more tightly run companies in the sector – reducing operating costs, according to its capital-raising offer document, from a level which was extravagant by industry standards to one which looks impressively streamlined – the much derided bidding system can at least be credited with exposing the inefficiency and complacency of the past.

Shareholders will doubtless ask why some of the fat was not worked off sooner. They will also no doubt wonder how a management which has not been conspicuously successful of late can justify awarding itself £6m in bonuses if its licence application is successful. Golden handcuffs may have been necessary to retain some of the group's high flyers in recent months. A figure of £6m looks excessive and casts further doubt over the optimistic-looking assumptions which have been made for revenue growth.

TVS can safely argue that its own figures at this stage are as good as anyone else's. This does not mean they are any more reliable. For what it is worth, the group seems to be expecting a sharper pick-up in consumer spending than most outside commentators. If real advertising growth turns out to be, say, half the 5.5 per cent per annum assumed in the business plan, the hole in the bottom line will be £150m over the next ten years. Tricks like building in £4.8m of pre-tax profit for the sale of the ITN stake in 1994 – on the grounds that the concept of exceptional and extraordinary items will by then have vanished – would then seem immaterial.

The shares – at 56p on a money-back basis if the bid fails,or 40p in the market last night – should only be bought as a venture capital stake. Any takeover premium, meanwhile, will be limited by the restrictions on selling by Time Warner and the other new shareholders.

Food retailers

It is an interesting reflection of the equity market's view of the UK food retailers that yesterday's news of price cutting by Tesco caused a bout of nerves throughout the sector. Thoughts of a price war seem misplaced, for the time being at any rate. Such occasional bursts of price promotion are not unusual in the grocery trade, even if they are not often so wide-ranging. This one also seems curiously timed, when much of the nation is on holiday. But it has, after all, been a flat summer, and there is ground to make up.

It is argued that no-one these days has the incentive to renew the price wars of a decade ago. Tesco, Sainsbury and Argyll need high margins to produce a return on their enormous capital investment programmes. Asda and Gateway need high margins to service their debt. In any case, the electronic technology of modern retailing means a price offensive by one retailer could be matched by the competition within a couple of days, thus proving self-defeating.

The trouble about such rational economic models is that they patently do not apply to industries under pressure, such as chemicals or cement. There is no evidence yet of pressure on large-scale UK food retailing, but it is not hard to imagine it. Suppose the principle of selling an ever wider range of goods through out-of-town superstores turned out to have its limits. Suppose, above all, that in the depths of a recession consumers became reluctant to pay for convenience and added value, trading down instead to cheaper groceries as they did ten years ago. In that case, the virtuous combination of high volume and high margins which is essential to support the industry's high cost structure would vanish. The market may have been wrong to worry yesterday. But in keeping an eye out for price weakness, it is on to the right thing.

Lloyd Webber

Whatever one thinks of Mr Andrew Lloyd Webber's tunes, his financial talents inspire profound respect. Having taken his Really Useful Group private for £78m last December, he is now recouping the entire sum by selling just 30 per cent of the business to Polygram. It is worth recalling that at the original flotation in 1986 the institutions stayed away in droves. The shares then outperformed the market by 50 per cent, at which point Mr Lloyd Webber bought them back for a third of what they were worth. The City, in short, stands condemned of putting taste before profit.

Polygram, one assumes, is making no such error. The price represents a formidable 50 times Really Useful's earnings in its last full year as a public company. Nevertheless, the deal has obvious attractions. Mr Lloyd Webber writes the musical, Polygram produces the record, the video and the sheet music. More prosaically, he provides the software and Polygram provides the distribution. It is curious to reflect that in the buyout wave of the late 1980s it was the businessmen running the likes of Lowndes Queensway and Magnet who overpaid and came to grief. But Mr Lloyd Webber, after all, is an artist.

Gorbachev relies on market mechanism to supply harvest shortfall

Soviet decree targets food supplies

By John Lloyd in Moscow

IN THE face of falling production and warnings of harvest shortages, President Mikhail Gorbachev has issued an emergency decree seeking to secure supplies of food and basic consumer goods for the Soviet people.

The measure, one of several which attempt to address the increasing crisis on the Soviet consumer market, is notable for its explicit reliance on market mechanisms.

Earlier emergency measures have tended to fall back on command methods in improving supplies.

The presidential decree lays down that all hard currency funds should be used to purchase consumer goods from abroad and that barter arrangements should be set up to further ensure supplies.

The decree lowers the duties on imported items in short supply, though the extent of the reduction is not clear.

In a decree from the Council of Ministers which went into force in January, 40 per cent of the hard currency earnings of enterprises had to be sold to the central government to repay debts – while barter was expressly prohibited.

Barter – already used in dealings with eastern European states – is now explicitly encouraged, while it seems that the currency earmarked for debt repayment may be shifted to the purchase of commodities.

Mr Gorbachev has already warned, in his presentation to the Group of Seven leading industrial countries last month, that Soviet debt may have to be rescheduled.

In his letter to the G7, he said that "we look forward to the G7 lenders and the international financial institutions taking a favourable stance on proposals designed to consolidate and restructure our external debt".

The president's move comes as Mr Vladimir Shcherbakov, the first deputy prime minister and economics minister, warned of "a real threat of famine" because of a harvest already known to be poor.

Figures published yesterday from the republic of the Ukraine, known as the Soviet Union's "breadbasket", indicate that grain output is likely to be down at least 6.4m tonnes on last year.

Mr Gorbachev's decree, issued at the weekend, emerged as he left for his Crimean villa for a holiday.

At the same time, he urged the cabinet of ministers and republican governments to speed the process of "destatisation", and to "deregulate the distribution network" – including setting up commodity exchanges, trading houses, fairs and auctions.

In recent conversations with visiting statesmen and economists, Mr Gorbachev has stressed the importance of developing shops and markets to provide some goods for the hard-hit Soviet consumer, even at higher prices.

Treasury staff swap, Page 2

Dollar falls sharply in London

By Rachel Johnson, Economics Staff, in London

THE DOLLAR dropped by two pfennigs yesterday in London as a big sell order from the Far East coincided with fears of a monetary easing to stimulate the fragile US economy.

Lifting sterling and the D-Mark as it fell, the dollar hit a low yesterday in trading of DM1.7180. It had fallen on Friday to close at DM1.7345 after worse-than-expected jobs data from the US and worries about a rate rise in Germany.

After US money supply figures showing sluggish economic activity, the markets are expecting the weakness of the economy to force the Federal Reserve into easing monetary conditions at the next meeting of the policy-setting Federal Open Markets Committee in two weeks.

For its part yesterday, the D-Mark was taking strength from the prospect that the Bundesbank would raise German interest rates at its next council meeting on August 15.

Although the German economy is expected to slow towards the end of the year, the authorities are widely predicted to raise rates this month to combat inflation, which was rising at an annual 4.5 per cent in July.

The dollar closed in London at DM1.72, while sterling showed a cent stronger, finishing at $1.6955 after a previous $1.71.

Currencies, Page 34

Iran hostage delay

Continued from Page 1

Mr Foley has spent several weeks considering whether to approve an inquiry in view of charges by Congressional Republicans that the move was politically motivated. Republican House minority leader Mr Robert Michel said Mr Foley will be "wasting an awful ot of money on a charade. There's nothing there and the people back home don't give two hoots."

Charges about a deal to delay release of the hostages have been circulating since January 1981 when they obtained their freedom, only minutes after Mr Reagan was sworn into office. The suggestion was that release before November – dubbed by Republicans as "the October Surprise" – might have boosted President Jimmy Carter's chances of re-election.

The issue was revived this year by Mr Garry Sick, a member of the National Security Council staff under Mr Carter, who claimed in April that Reagan campaign officials met with an Iranian delegation during 1980 to prevent a hostage release before the November elections. Mr Sick has claimed that arms were later supplied to Iran from Israel as a reward.

Japan's tough new laws

Continued from page 1

constituencies combined with a set of MPs elected nationally on the basis of proportional representation. The new system would govern elections to the parliament's powerful lower house and would reduce the number of MPs from 512 to 471.

Mr Kaifu, who took office after the Recruit bribery scandal and has staked his reputation on political reform, also promised two other bills to impose tough controls on political fund-raising. Both bills will face intense opposition in the parliament as many incumbent MPs fear losing their seats.

The main international element in Mr Kaifu's speech was a proposal to allow troops to serve in UN peacekeeping units overseas and in disaster relief missions. Formerly, the government has interpreted Japan's peace constitution as banning the dispatch of troops abroad. But foreign criticism of Japan's reluctance to contribute troops during the Gulf crisis persuaded Tokyo to change its mind.

Opinion polls indicate that many Japanese support a more active contribution to UN-sponsored missions.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	28	82
Algiers	S	35	95
Amsterdam	F	22	72
Athens	S	30	86
Bahrain	S	33	91
Bangkok	F	35	95
Barcelona	S	29	84
Beirut		-	-
Belfast	R	16	61
Belgrade	C	24	75
Berlin	S	26	79
Biarritz	S	28	82
Bombay	Dr	28	82
Bordeaux	S	31	88
Boulogne	F	22	72
Brussels	F	26	79
Budapest	F	26	79
Buenos Aires	F	12	54
Cairo	S	32	90
Cape Town	S	15	59
Caracas	C	30	86
Casablanca	S	26	79
Chicago	F	19	66
Cologne	S	26	79
Copenhagen	S	23	73
Corfu	S	29	84
Dallas	S	23	73
Dublin	C	18	64
Dubrovnik	S	28	82
Edinburgh	C	18	64
Faro	S	32	90
Florence	S	31	88
Frankfurt	F	27	81
Geneva	S	26	79
Gibraltar	S	26	79
Glasgow	R	15	59
Helsinki	S	28	82
Hong Kong	F	30	86
Innsbruck	S	25	77
Inverness	F	18	64
Islamabad	C	31	88
Istanbul	F	26	79
Jakarta	F	33	91
Jersey	C	17	63
Johannesburg	S	18	64
Lima	C	18	64
Lisbon	S	24	75
London	F	22	72
Los Angeles	C	18	64
Luxembourg	S	25	77
Madeira	F	24	75
Madrid	S	33	91
Majorca	S	32	90
Malaga	S	30	86
Malta	S	30	86
Manchester	C	19	66
Manila	R	32	90
Melbourne	F	15	59
Mexico City	C	24	75
Miami	S	28	82
Milan	S	31	88
Montreal	C	17	63
Moscow	S	21	70
Munich	S	24	75
Nairobi	F	27	81
Naples	F	31	88
Nassau	C	33	91
New Delhi	C	31	88
New York	S	22	72
Nice	S	27	81
Nicosia	S	28	82
Oporto	S	21	70
Oslo	F	23	73
Paris	F	28	82
Peking	S	32	90
Prague	F	24	75
Reykjavik	F	16	61
Rhodes	S	29	84
Rio de Janeiro	F	24	75
Rome	S	28	82
Salzburg	S	24	75
San Francisco	Dr	13	55
Seoul	F	29	84
Singapore	F	32	90
Stockholm	S	25	77
Strasbourg	S	28	82
Sydney	S	23	73
Taipei	F	35	95
Tangier	S	35	95
Tel Aviv	F	29	84
Tenerife	S	27	81
Tokyo	C	23	73
Toronto	S	16	61
Tunis	F	29	84
Valencia	S	30	86
Venice	F	27	81
Vienna	C	20	68
Warsaw	F	27	81
Washington	S	23	73
Zurich	S	25	77

Temperatures at midday yesterday C - Cloudy Dr - Drizzle F - Fair Fg - Fog H - Hail R - Rain S - Sunny Sl - Sleet Sn - Snow T - Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Siemens to pursue minority Skoda stake

Siemens, the German electrical and electronic company, is trying to increase its chances of winning control of the heavy industrial and energy divisions of the Czech enterprise Skoda by agreeing to take only a minority stake. Page 20

New Zealand wool hopes

Firmer prices at the first sales of the 1991-92 New Zealand wool selling season – the first to be conducted in a free market for 40 years – have raised hopes of a recovery after the severe difficulties of last year. But prices may not recover much until existing wool stockpiles become more manageable. Page 26

TDG slips 7% in first half

Transport Development Group, the UK's second largest transport concern, saw pre-tax profits for the six months to June 30 fall 7 per cent to £16.5m ($27.8m) because of the decline in volume brought on by weak economic conditions worldwide. The greatest decline in activity came in the US. Page 24

Coming back from the brink

The fight to breathe life into the ravaged corporate body of Bond Corporation has taken nearly a year of tough negotiation, seven separate meetings of creditors and shareholders and the agreement of 14 banks. Later this month, the Supreme Court in Western Australia should clear the way for the resurrection of one of the most spectacular corporate failures in recent Australian history. Page 22

Lots of room at the inn

Chronic oversupply and competitive price-discounting – these are two features of the US hotel industry. After the latest dismal second-quarter results from the leading hotel groups, occupancy rates and room tariffs look set to fall further. Nikki Tait reports. Page 20

Paper tigers prey on publisher

Four predators are closing in on Southampton-based Southern Newspapers, waiting for a signal from the UK Monopolies and Mergers Commission that will allow them to pounce. Page 24

Baer up 27% in first half

Baer Holding, parent company of the Julius Baer banking group, announced a 27.6 per cent advance to SFr67.5m ($44.7m) in first-half pre-tax operating earnings, compared with the first six months of 1990. Page 20

Chase to sell US leasing businesses

By Martin Dickson in New York

CHASE Manhattan, the large New York commercial bank, yesterday announced plans to sell most of its North American commercial leasing business – with assets of $2.2bn – to four buyers as part of its new strategy of disposing of non-core businesses.

Earlier this year Chase sold its institutional asset management business to Union Bank of Switzerland, the largest Swiss bank. The latest sale will help to improve the bank's capital ratios.

In common with other large New York banks, Chase has been hit by a deterioration of its US property loan portfolio and has cut more than 5,000 jobs since last autumn.

Chase yesterday declined to put a price on the leasing deals, but said it had established a provision for them in the second quarter.

When it announced its second-quarter figures last month it said it had made $98m on the sale of the investment management subsidiary, but the net gain had been cut to $21m after losses on the planned disposal of several US and European businesses.

The bank said yesterday that the disposals would not affect big-ticket lease financings for commercial aircraft, other transport equipment and capital projects in the US and abroad.

Chase has agreed in principle to sell about $1.1bn in assets of its technology equipment finance division to GE Capital, the large financial services subsidiary of General Electric group.

The division includes a wholesale vendor finance operation with headquarters in Canton, Massachusetts, and a retail office equipment finance operation in Moberly, Missouri.

It has also agreed in principle to sell Chase Manhattan Leasing (Michigan), an industrial equipment finance company with about $900m in assets, to Associates Corporation, which is part of Ford Motor's financial services group.

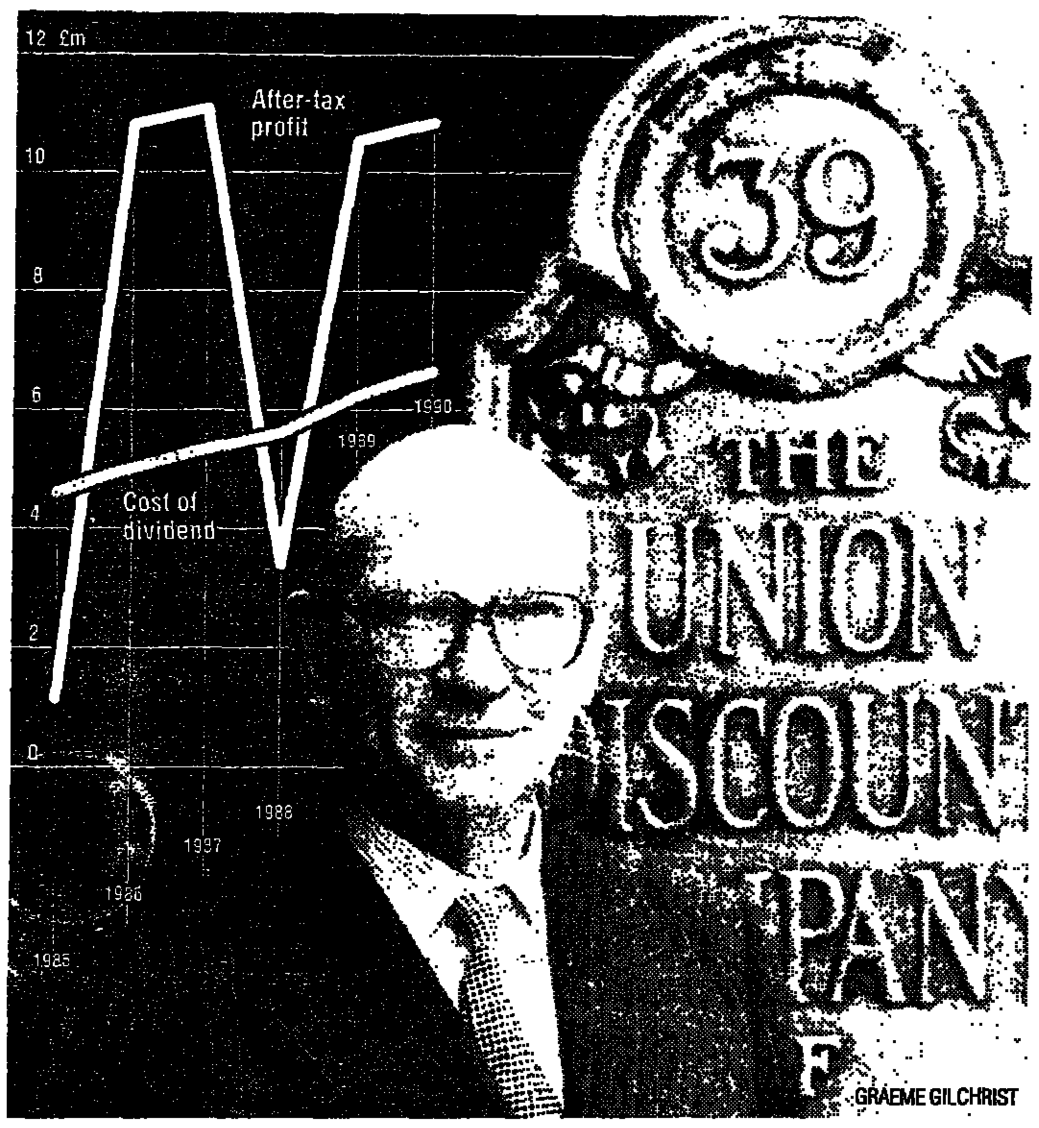
Chase is selling about $130m in assets of Chase Aircraft Finance company, based in Florida, to CIT Equipment Financing, and $80m of assets of Chase Manhattan Leasing (Canada) to Confederation Leasing, a 52 per cent-owned subsidiary of Confederation Life, the largest Canadian Life insurer.

● Banc One's Ohio unit will acquire the business and most of the assets, liabilities and offices of Dana Corp's Diamond Savings & Loan Co. Terms were not disclosed. Banc One will buy 25 bank offices with $700m in deposits and $830m in assets in 14 Ohio cities.

Banc One, based in Columbus, Ohio, has assets of $31bn.

Troublesome offspring hits parent's purse

David Owen on Union Discount's problems caused by its leasing unit



GRAEME GILCHRIST

Graeme Gilchrist: 'Recession has been a killer. Anybody in leasing has suffered murder'

The poet Thomas Gray was born in a house on the site of Union Discount's handsome Cornhill, London, headquarters.

It would be a mistake to read too much into this: chief executive Mr Graeme Gilchrist insists that anyone composing an elegy to the City of London's most distinguished discount house would be premature.

"It is a fair comment that we have a problem," he says of the Sabre office equipment leasing business largely responsible for the group's £7.29m ($12m) interim loss. "And it is a fair comment that if 100 per cent of Sabre's book went bust we would be in trouble.

"But that won't happen – and even if you had a 50 per cent bad debt rate, we would still be alive, roughly. Our current £7.3m provision – £3m of which is in anticipation of second-half problems – represents about 9 per cent of the book."

Notwithstanding his equanimity, Mr Gilchrist must be aware that the leasing debacle is prompting people to lump Union Discount with other UK financial institutions, ranging from British & Commonwealth to the Prudential, which have demonstrated that diversification does not pay.

Sabre's problems may not threaten to drag Union under – but they are constricting business by activating capital constraints. And they seem to have pitched the group into a sort of strategic limbo, where it is able to do little in terms of restructuring until the economic cycle turns.

For example, Mr Gilchrist would love to ease restraints by augmenting the group's £80m capital base; but he dare not approach the group's shareholders until performance improves.

Similarly, he would like to set up the leasing businesses as one stand-alone, self-financing entity owned by the holding company instead of the discount house, as at present; but it is hard to see how that can be achieved in the immediate aftermath of interim asset financing losses of £9.86m.

In its defence, Union's rationale for diversification was more compelling than the thinly-veiled megalomania which motivated other financial services players.

The group's activities also include invoice discounting, futures and options broking, cash management and equities market-making.

The nub of its reasoning was the conflict between the volatility of discount house profits and the investor view of the sector as a repository of high-yield stocks. "In 1985 we made £1.1m but increased the dividend," says Mr Gilchrist. "We couldn't go on doing that so we had to diversify."

There was also the nagging longer-term question-mark which still hangs over the discount houses as regulators work towards a single European money market.

London is the only European financial centre to use discount houses as the valve through which liquidity passes from the central bank to the commercial banks. The houses have to face the prospect that their core business might disappear.

"Fine," retort analysts such as Ms Karen Bennett of Barclays de Zoete Wedd. Diversification has also been pursued, after all, at both Gerrard & National and Cater Allen, Union's principal discount house rivals. "But why choose something capital-intensive like leasing?"

Mr Gilchrist's response is that in 1986, this seemed a natural evolution: the group – which claims to own the UK's biggest machine tool, located in a British Rail plant in Swindon – had been involved in big-ticket leasing, with the aim of minimising its tax bill, since 1982, so had in-house expertise.

He also remains convinced that leasing can be an exceptionally lucrative business from which Union will make "an awful lot of money".

He points out that Sabre is not the worst performing of its peer group and argues that many of its problems are due to factors beyond its control. "The recession has been a killer. Anybody in leasing has suffered murder."

Indeed, although it is possible that Union could pull out of leasing altogether, it is equally conceivable that it might choose to exit the inherently volatile and low-margin discount house business that spawned it.

"The Bank [of England] knows we are saying that this is a difficult business to be in and we have shareholders [to whom the company must offer a reasonable return on their investment]," Mr Gilchrist says. In comparison with the low-margin core business, Winterflood Securities, the small companies' market-maker which is one of Union's diversifications, offers a fat 25 per cent return on capital. "The Bank did encourage us to diversify – you can't rule anything out."

In the present straitened circumstances, however, shareholders are probably worried about more pressing issues, such as whether they will be asked to swallow a reduced final dividend or not.

The jury is still out on the dividend payment, although the eventual decision will depend largely on the group's anticipated 1992 performance. The board may also decide it needs to keep shareholders sweet if a capital-boosting rights issue is on the cards.

The group has not been coy about making uncovered dividend payments when necessary in the past, doing so in two of the past six years.

European paper groups form link

By Charles Leadbeater, Industrial Editor

ARJO WIGGINS Appleton, the Anglo-French paper group, yesterday strengthened its position in the continental European industry with the acquisition of a majority stake in a leading German specialist papermaker.

AWA is in the final stages of negotiations on a £20m deal to buy Buhl Group, which accounts for about a fifth of the German market for high quality decorative papers and laminates used in the furniture industry.

AWA has bought a majority stake in Buhl, which is a limited partnership with eight members, and is finalising the purchase of the outstanding shares.

The acquisition fits in with AWA's strategy to move away from commodity paper production and expand into high value-added speciality papers, the fastest growing part of the paper industry.

About 40 per cent of Buhl's turnover comes from decorative paper, with fine papers for the graphic industry accounting for most of the rest.

AWA is hoping to develop close links between Buhl's decorative paper activities and its existing businesses elsewhere in Europe.

The deal should give AWA a foothold in the German market, which accounts for 45 per cent to 48 per cent of the western European market for decorative paper.

The German market is growing at between 6 per cent and 8 per cent a year at a time when other European markets are stagnating.

Although two-thirds of AWA's turnover of £2.6bn comes from Europe, it has only a limited presence in Germany. Buhl had a turnover of DM260m ($150m) last year.

Buhl has four large paper-making machines operating on two sites. AWA estimates that production from one of the machines could be expanded significantly with minimal capital investment.

This is AWA's first large acquisition since it was created last December through the merger of Wiggins Teape Appleton of the UK and Arjomari, the French-based paper group.

The purchase marks a further important step in the recession-driven shake-up of the European paper industry.

North American and Scandinavian paper producers' profits are being hit severely by the downturn. WTA, in its last set of results, reported a 9 per cent fall in taxable profits.

German life insurer attempts to raise DM480m in new stock issue

By Katharine Campbell in Frankfurt

AACHENER & Münchener Leben (AML), the life insurance subsidiary of the Aachener & Münchener Beteiligung (AMB) group, one of Germany's largest insurers, has priced its new stock at DM1,600 a share.

The sudden rush of new paper from the insurance sector, however, could overburden an already enfeebled stock market.

AML is raising DM480m ($277m), representing 25 per cent of its capital, via an international consortium lead-managed by Dresdner Bank.

The issue follows the DM800m Volksfürsorge placement in July. The ex-trade union insurance company also derives more than 75 per cent of its business from writing life policies. Its shares have now slipped to less than DM780. While stock – particularly in bearer rather than the more cumbersome registered form – is normally hard to obtain in closely-held German life companies, analysts are sceptical as to whether this paper can be absorbed during the summer stock market lull.

They predict the success of the issue will have more to do with the mood of the overall market than with the intrinsic value of the new stock.

Dealers say the prospect of the AML issue was damping enthusiasm for the Volksfürsorge offering, while the AML placement could in turn be held up by the lukewarm reception for Volksfürsorge.

The Aachener & Münchener group, which, unlike its bigger rival Allianz, has hardly diversified outside Germany, has said it intended to finance European expansion by selling off 25 per cent holdings in subsidiaries.

At the same time, the group's sally into Allfinanz – or cross-selling of financial services including bank and insurance products – has proved expensive. The association with BfG, the ailing ex-trade union bank for which A&M paid dearly some years ago, has been a steady drain on resources.

The 1990 AMB accounts show write-downs totalling DM883m in connection with the group's 50 per cent stake in BfG. A&M's international strategy is also uncertain with the advances of the French insurer Assurances Generales de France (AGF).

Du Pont names chief of global unit

By Karen Zagor in New York

DU PONT, the biggest US chemicals company, has for the first time placed leadership of one of its global businesses outside North America.

Yesterday it appointed Mr David Williamson, president of Du Pont, Europe, to head its $1.8bn (£1.1bn) agricultural products operations.

Mr Williamson will become senior vice-president of Du Pont Agricultural Products at the end of August in addition to his European post.

About a third of Du Pont's $35.5bn 1990 sales came from Europe, and half the agricultural unit's sales are made outside the US. Mr Williamson will be the first Du Pont senior manager to live in Europe.

Mr Edgar Woolard, Du Pont's chairman, said the appointment reflected the company's efforts to strengthen its global perspective.

Mr Williamson succeeds Mr J.E. (Ted) Newall, chairman and chief executive of Du Pont Canada in addition to heading the agricultural business.

Du Pont also said yesterday it would eliminate about 1,000 jobs from its fibres business, to help the unit save $150m this year and next, as part of its "continuing cost restructuring". The fibres business has already cut 700 positions this year.

TVS confirms £54m bid to retain its franchise

By Alice Rawsthorn in London

TVS Entertainment, the independent UK television company, yesterday confirmed that it has bid £54.1m ($90.88m) a year in an attempt to retain its licence for the south-east of England.

TVS, which is the first ITV company to have disclosed the size of its bid, revealed the figure in a circular to shareholders giving details of proposals for a £30m refinancing package.

Its bid is believed to be at least £30m higher than those of Meridian, Carlton and CPV-TV, the three challengers for the TVS licence.

The size of the bid sparked criticism that TVS had been over-optimistic in its assumption that total television advertising revenue would show real compound growth of 5.7 per cent between 1993 and 1997.

The refinancing marks the latest chapter in the turbulent story of TVS, which needs to raise capital to stabilise its finances following the ill-fated £140m acquisition of MTM, the US television production company.

Mr Rudolph Agnew, who was drafted in as chairman late last year to succeed Mr James Gatward, said the group had made "a serious mistake" in "spending too much money" on MTM.

TVS, which is also suffering from the downturn in the UK advertising market, warned yesterday that it expects to make a pre-tax loss in the first half of this year. Its shares fell by 3p to 40p.

In the refinancing, which is conditional on TVS retaining its licence, the group is placing 53.57m new ordinary shares at 56p a share with a group of investors including two new shareholders, Time Warner, the US media conglomerate, and the Daily Mail and General Trust, the UK publishing concern.

These new investors, together with Canal Plus and Compagnie Générale des Eaux, two existing French shareholders, will emerge with between 46 and 55 per cent of TVS after the issue. Other investors can apply for up to 11.66m of the new shares.

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Atlantic Richfield cuts 1,500 jobs in US

By Deborah Hargreaves in London

ATLANTIC Richfield, America's eighth largest oil company, has announced it will cut 1,500 jobs from its US workforce – 7.5 per cent of its total. It will also reorganise the bulk of its US oil and gas operations in a bid to cut costs and improve profitability.

The company blamed the job reductions on weak natural gas prices, sharply lower profits from its gasoline business, lower chemical earnings and the prospect of large capital investments to meet new environmental standards for fuel.

A company official said that domestic cuts will be made through redundancies and early retirements and that Arco's international operations will not be much affected.

Mr Lodwrick Cook, Arco chairman and chief executive, said the company saw little prospect of an upturn in depressed natural gas prices soon, but that the long-term outlook was brighter and the company would continue oil and gas exploration efforts.

He referred to current conditions as a "very difficult business environment".

The company has been particularly hard-hit by persistent weak prices for its large reserves of natural gas in the US. It has seen prices drop in the second quarter to an average of $1.38 per thousand cubic feet from an already-depressed average of $1.66 last year. Gas production in the second quarter slipped 15 per cent from the same period last year to 1.4m cu ft a day.

The weak prices were reflected in a 37 per cent drop in its second-quarter net income to $246m.

● Horsham, a holding company which owns 21 per cent of American Barrick Resources and 60 per cent of Clark Refining in the US, recorded second-quarter profits of $15.2m, or 17 cents a share, down 22 per cent from a year earlier, writes Robert Gibbens in Montreal.

First-half profit was $28.5m, or 33 cents a share, up 30 per cent, on revenues of $1.2bn, up 5 per cent.

Too many rooms at the inn

Nikki Tait reports on the problems facing the US hotel industry

The room at the St Louis Clarion, an upper-market hotel in one of America's main provincial cities, was spacious and comfortable. It boasted a panoramic view of the Mississippi, and the usual abundance of free shampoo. It should have cost $110 a night; management actually charged about half that, admittedly for a three-day stay incorporating a weekend.

No one in the US, except perhaps travellers at the luxury end of the range or businessmen seeking last-minute accommodation in convention-crammed cities, expects to pay the full rate for hotel rooms these days. This is testament to the continued over-supply and competitive price discounting dogging the industry.

The problem is reflected in the second-quarter results from the large hotel chains. California-based Hilton Hotels, for example, saw operating profits from its hotels division fall 27 per cent between the second quarters of 1990 and 1991, with Chicago and New York – its two main business and convention cities – particularly weak this time round.

Marriott reported unchanged operating profits on the lodging side, but that was against an 11 per cent sales increase generated mainly by new properties, including those held for sale. And ITT, which owns the Sheraton Hotels chain, also talked of lower operating results, with occupancy levels below the comparable 1990 quarter in key markets.

US HOTELS SECOND QUARTER RESULTS

	Turnover 1991	Turnover 1990	Net income 1991	Net income 1990
Marriott	$1.76bn	$1.94bn	$27m	$46m
Hilton Hotels	$287.2m	$273.8m	$23.6m	$38.2m
La Quinta	$65m	$60.2m	($1.6m)	$2.63m

Of the other quoted groups, Prime Motor Inns is already in Chapter 11 bankruptcy proceedings, while matters at La Quinta Motor Inns, a middle-market operator, have been overshadowed by boardroom struggles. The Texas-based group actually reported a loss before extraordinary items of $1.6m for the quarter against a $2.63m profit last time, but the figures were muddied by corporate restructuring charges.

As results from virtually all chains made clear, occupancy rates overall are down on last year, and there is evidence that room rates have been falling as well – at least in selective areas.

According to Business Travel News, a trade publication, the average occupancy rate in the year to end-April, was down 4.3 per cent on the previous year's 57.5 per cent. The average room rate was virtually unchanged at $60.78.

That said, there were significant regional variations. Occupancy rates in the hard-pressed New England states fell by a more damaging 8.6 per cent to under 50 per cent, according to the BTN figures, and in the mid-Atlantic region declined by 7.5 per cent.

Room rates also slid in both cases. In the southern central states, by contrast, occupancy levels at least showed signs of stabilising, albeit at fairly low levels. Rooms rates actually edged ahead.

Within the overall market, moreover, there are signs that customers are trading down. Marriott, for example, reported notably better results from its economy and moderate priced divisions than from its full-service hotels.

Clearly, there are indications of an upturn in the economy. The airlines, which have the most immediate feel for business travel levels, suggest there is an improvement, albeit gradual, but, in their case, the improvement is also overshadowed by fare-discounting.

The hotel sector is not optimistic that its fortunes are in for a rapid revival. Mr Barron Hilton, chairman of Hilton Hotels, noted that the industry typically lagged economic fluctuations by four to six months, and that it was overbuilt.

"The second half of 1991 will be a difficult period," he predicted.

Analysts agree. One Wall Street commentator predicted the business will face tough conditions for another year at least.

And the pundits point out that matters have not been helped by the steadily strengthening dollar. So, while the recessionary hangover still dents domestic demand, those chains which are heavily exposed to the international visitor market are being hit even harder.

Siemens to limit stake in Skoda

By David Goodhart in Bonn

SIEMENS, the German electrical and electronics company, is trying to increase its chances of winning control of the heavy industrial and energy divisions of the Czech enterprise Skoda by agreeing to take only a minority stake.

A Siemens spokesman said yesterday that they had not adopted a dogmatic approach to attaining a majority stake in Skoda. But the spokesman also made clear that a minority stake would have to entail effective management control.

The main contenders for the remaining Skoda companies are Siemens, ABB, and Westinghouse and General Electric of the US. However, according to reports in the German press, the field has now been reduced to Siemens and Westinghouse.

Siemens has been pressing the Czech government not to sub-divide the Skoda industrial divisions and sell them off separately to companies that compete on the world market.

"That would be a recipe for losing synergy. Much better to keep Skoda together and sell to one company which operates in all the relevant fields," a spokesman said.

Such an approach would favour Siemens. However, the company might find itself excluded on political grounds.

Volkswagen has acquired control of the Skoda car company and Audi is in talks with another Czech car maker, so a large takeover by Siemens might be considered to be too much of a German takeover.

Baer Holding boosts earnings by 27%

By William Dullforce in Geneva

BAER HOLDING, Zurich-based parent company of the Julius Baer banking group, announced a 27.6 per cent advance to SFr67.5m ($44.7m) in first-half pre-tax operating earnings, compared with the first six months of 1990.

Higher income from interest-related business and trading and tight cost control were the main factors behind the improvement.

For the whole of the 1990 calendar year, the Baer group disclosed a 20 per cent fall in net earnings to SFr47.8m, but paid an unchanged dividend after posting a 4.3 per cent increase to SFr35.6m for the fiscal year ended March 31.

In the first half of this year, group net interest income, including interest and dividends on securities, rose by 11 per cent to SFr53.4m.

Income from trading climbed by 30 per cent to SFr69.7m with income from securities business up 57.4 per cent to SFr29.6m. Net commission income, however, fell by 4 per cent to SFr82m.

At the end of June, consolidated assets totalled SFr6.2bn, a 7 per cent gain from the beginning of the year attributed partly to exchange rate factors.

● Lugano-based Banca del Gottardo announced the acquisition of Bank Innova Zurich, which specialises in private portfolio management. Japan's Sumitomo group has a majority stake in Banca del Gottardo, which last month announced a 4 per cent increase to SFr44.9m in its first-half cash flow.

Okasan, a Japanese securities house, has secured a banking licence for its Zurich-based finance company.

BBA forecasts further closures

By Clare Pearson in London

BBA, the UK manufacturer of components for the automotive, industrial and aviation markets, is planning more closures and redundancies after shedding 9 per cent of its workforce over the past year.

The company yesterday said it envisaged further retrenchment as it announced a 45 per cent slide in pre-tax profits to £26.1m ($43.84m) from £47.3m on sales down to £620.2m from £657.3m in the six months to end-June. The interim dividend is being maintained at 2.25p, as promised when BBA raised £79m through a rights issue three months ago.

The results included a £7.6m extraordinary item for redundancy and other costs of closing down "peripheral activities where the long-term prospects [are] unsatisfactory".

At the pre-tax level, profits were depressed by a £3.7m charge for redundancies made during the six months, chiefly in the UK and Australian automotive businesses where trading had been severely depressed.

Mr John White, managing director, said he did not "foresee any recovery that will affect our results for the current financial year". BBA was "not prepared to be seduced by blips in the economy" and would "continue to follow the market down" if necessary, he said.

The automotive division, from which BBA derives about half of its turnover, accounted for most of the profits downturn.

Mr White stressed that although operating profits of £15.6m were down sharply from £25.4m in the comparable half-year, they were little changed from the £15.9m achieved in the second half of 1990.

The industrial division made taxable profits of £20m against £25.3m on sales of £225.2m against £237.6m. The company said conditions for textiles had deteriorated, particularly in the UK and North America during the second quarter. Heavy electricals, however, performed in line with the comparable period.

Acquisitions made the aviation division's sales jump to £92.7m from £79.2m. Pre-tax profits were £5.5m against £9.4m. BBA said orders for routine maintenance work for airlines had held while more profitable bespoke work for private clients had dwindled.

Fully-diluted earnings per share slipped to 4.4p from 10p. That was after a tax charge sharply higher at 46 per cent, compared with 35 per cent.

Net debt amounted to about 40 per cent of shareholders' funds after the rights issue.

JWP completes tender offer for Businessland

By Martin Dickson in New York

JWP, a diversified services company, yesterday announced it had successfully concluded a tender offer for a controlling interest in Businessland, one of the largest US computer retailers.

JWP will now proceed with plans to buy up the outstanding Businessland common stock and merge the San Jose, California, company with its own computer systems group, based outside Boston, Mass.

It claimed this would create the world's largest provider of personal computer products, networks and support systems, on the basis of company owned outlets.

The JWP bid, worth about $48m, saw off a rival, unsolicited offer from Computerland, a leading computer store chain.

INT'L COMPANIES AND CAPITAL MARKETS

Hint on merger of Canadian airlines

Robert Gibbens in Montreal

THE CANADIAN government is hinting that a merger of Air Canada and Canadian Airlines International might be approved if it would solve their financial problems.

The federal cabinet has been wary of the political consequences of such a merger – including possible reaction to widespread lay-offs – but Mr Jean Corbeil, transport minister, now says he is ready to discuss the possibility.

Both airlines have long dismissed the idea of a merger but they could face combined losses of up to C$500m (US$434.7m) in the next two years, unless the travel market stages a recovery.

Mr D. R. Murphy, vice-president, finance, of PWA, the parent of Canadian Airlines, recently broached the subject when he said his company would consider a merger as a last resort.

He said it was one of three options. PWA could sell equity to a foreign carrier or establish a marketing agreement with Air Canada. "If all fails, a merger would have to be considered", he said.

Air Canada – which holds more than 50 per cent of the domestic market – has not changed its policy: it still does not seek a merger.

Both airlines continue to suffer heavy losses. The travel market has picked up slightly this summer but it is not expected to shrug off the impact of the recession in the second half, and 1992 is expected to be slow.

The two airlines have both asked the government to allow foreign investors to hold more than the present 25 per cent limit in their equity.

Air Canada tried unsuccessfully to link with USAir and Delta, possibly with an equity swap.

Canadian has also sought foreign partners with little success. It has joint marketing arrangements with eight other airlines, against Air Canada's five.

Canadian has a broad network with access to Tokyo, while Air Canada offers an attractive northern bridge into Europe.

Air India registers record earnings

By Gita Piramal in Bombay

AIR INDIA, the country's flag carrier, has announced record net earnings of Rs812m ($31.7m) for the 1990-91 financial year despite the effects of the Gulf war and increased fuel costs. In the previous year, the airline recorded net profits of Rs709m.

Operating revenue in the latest period rose by 18.9 per cent to Rs16.27bn.

Few expected the airline's results would be so good and earlier this year it had been predicted that the airline would suffer a substantial loss because of the Gulf war.

During the conflict, Air India evacuated 125,000 people, placing a heavy burden on its resources. While losses resulting from this have not been disclosed, industry experts believe these might be as much as Rs1.85bn.

The airline was also affected by higher insurance charges and there have been frequent clashes between management and unions, leading to delayed and even cancelled flights.

However, Air India now appears to be on a steadier course. Mr S. R. Gupte, acting chairman, said the next few months looked very promising. In the first quarter of the current fiscal year, Air India made a profit of Rs150m, against Rs85m in the corresponding period of the previous year.

Packer objects to TNT reports

AUSTRALIAN businessman Mr Kerry Packer has distanced himself from two items published in one of his group's magazines on TNT, the troubled transport group, revealing his intention to buy shares in the transport group, writes Mark Westfield in Sydney.

Mr Packer said last night he wanted to make it clear he did not share the views expressed in two articles in his magazine, The Bulletin, which he described as "derogatory".

"Mr Packer finds himself in a position of conflict, as it was his intention to purchase shares in TNT and it is still his intention to do so," his statement said.

The article reported TNT's admission that it expected to face a net loss after extraordinaries of A$187m for the year.

Ampolex trebles income and rekindles speculation

By Mark Westfield in Sydney

PIONEER INTERNATIONAL associate Ampol Exploration trebled net earnings to A$48.1m (US$37.5m) for the year to June 30, rekindling market speculation of a takeover bid for the producer and explorer.

Ampolex achieved its improved profit after a 20 per cent increase in production in response to the doubling of oil prices, following Iraq's invasion of Kuwait a year ago. Sales revenue was up A$81.4m to a record A$217.47m, with pre-tax earnings more than trebling to A$79.8m from A$25m in 1990.

Ampolex directors warned of a lower profit this financial year as world oil prices settle to around $21 a barrel from the $40 mark of late last year.

The company is 49.2 per cent owned by Pioneer, the building products group, which has been a rumoured seller of the holding since it mopped up minorities in Ampolex's direct parent, refiner and retailer Ampol Ltd, in 1988.

The last financial year's record earnings make Ampolex an attractive purchase for an international group seeking an interest in the large Kutubu (formerly Iagifu) oil project in Papua New Guinea plus Ampolex's West Australian production wells. The company, which has 16.45 per cent of Kutubu, expects the project to start producing next year.

Mr Peter Power, managing director, declined to comment yesterday on talk of a possible takeover of Ampolex. "Our major shareholder has not declared its intention of selling to my knowledge," he said.

Brazilian unions block sale of state steel group

By Victoria Griffith in Sao Paulo

TRADE unions have succeeded in blocking the sale of Usiminas, the state-owned steel group scheduled to be the first company privatised in Brazil. This could prove a blow to the government's privatisation programme.

A federal judge in the state of Minas Gerais supported the General Workers Centre (CGT) union's case with a decision to suspend the group's privatisation, which had been scheduled for September 24.

The judge, Mr Antonio Francisco Pereira, ruled that there was sufficient evidence to believe the sale of Usiminas was against the public interest.

In particular, he questioned the difference in the price of shares to be auctioned during the privatisation process – Cr$332.85 (99.8 US cents) – compared with that offered earlier this year to Nippon Steel of Japan (Cr$39.79).

The government had sold cheap shares to Nippon Steel in an effort to settle a long-term dispute with the company.

The judge also said that in his opinion the price of Usiminas, currently set at US$1.54bn, was too low.

The National Development Bank (BNDES), which is in charge of the privatisation, was preparing its counter-attack yesterday. "We will make a legal appeal this week to reverse the decision," said Mr Wanderly Pinto de Medeiros, head of the legal department.

Mr Pinto de Medeiros admitted, however, that even if BNDES eventually won the court battle, there was a "good chance" that the September 24 deadline would not be met.

Coles Myer signals small fall in profits for year

By Mark Westfield

COLES MYER, the Australian retail group, has reported flat sales for the final quarter of its year to July 28, indicating that it will post a small profit fall for the full year.

Coles Myer reported fourth-quarter sales of A$3.42bn (US$2.6bn), just 0.4 per cent up on the A$3.4bn for the same period last year. Full-year turnover rose just 1.5 per cent to A$14.94bn from A$14.72bn.

Mr Richard Thomas, manager of corporate affairs, said yesterday that there was a possibility the group might not make last year's profit "but that does not mean it will be a substantial fall".

The latest quarterly result is Coles Myer's worst since it reported on a three-monthly basis, and compares with an increase of 5.2 per cent in the final quarter last year.

US software company faces lawsuit

A FAILED software system brought a big corporate restructuring programme to a halt, GTE Products claimed in a lawsuit against a US software company, AP-DJ reports.

GTE Products, which makes residential, industrial and commercial lamps, began a restructuring programme two years ago aimed at making its Sylvania Lighting Division more competitive.

But with the programme far from complete, GTE is blaming American Software for the "nearly total failure of a multi-million-dollar computer software system" that was a key part of the project, according to the suit.

The suit, filed in US District Court in Boston, seeks at least $17.3m in damages.

GTE also alleges that American violated the state's consumer protection act, which could treble the damages if proved, a lawyer representing GTE said.

"It's put them substantially beyond the time they expected to devote to the project," said attorney Roscoe Trimmier.

Mr Neal Miller, a spokesman for American Software in Atlanta, said company officials had not seen the suit and that it was company policy not to comment on litigation.

GTE said American fraudulently claimed its "off-the-shelf" software systems, with minor modifications, could meet its needs.

But the software had already experienced problems with other companies, the suit charged.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on August 5

U.S. DOLLAR STRAIGHTS · OTHER STRAIGHTS · DEUTSCHE MARK STRAIGHTS · FLOATING RATE NOTES · SWISS FRANC STRAIGHTS · CONVERTIBLE BONDS · YEN STRAIGHTS

[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 05.08.91: Pool purchase price £/MWh	Final Prices for Trading on 02.07.91: Pool purchase price £/MWh	Final Prices for Trading on 02.07.91: Pool selling price £/MWh
0030	15.63	15.72	15.72
0100	15.63	15.72	15.72
0130	15.61	15.72	15.72
0200	15.61	15.72	15.72
0230	15.50	15.72	15.72
0300	15.50	15.72	15.72
0330	15.50	15.72	15.72
0400	15.50	15.72	15.72
0430	15.50	15.72	15.72
0500	15.50	15.72	15.72
0530	15.51	15.87	15.87
0600	15.53	15.87	15.87
0630	15.51	15.87	15.87
0700	21.06	18.15	20.16
0730	21.06	18.96	21.00
0800	17.54	18.60	20.62
0830	18.55	20.97	23.04
0900	18.86	21.02	23.06
0930	21.41	21.06	23.14
1000	21.41	25.34	27.50
1030	21.41	32.50	34.81
1100	21.41	32.51	34.77
1130	21.41	32.67	34.87
1200	21.42	27.77	30.00
1230	24.81	27.75	29.98
1300	24.80	21.12	23.21
1330	21.41	21.02	23.09
1400	21.40	20.99	23.04
1430	21.40	20.98	23.03
1500	21.40	20.98	23.03
1530	21.40	20.99	23.04
1600	21.40	21.19	23.26
1630	21.41	21.30	23.40
1700	21.41	21.35	23.46
1730	21.41	21.29	23.39
1800	21.41	21.17	23.25
1830	22.70	18.97	20.98
1900	21.40	18.74	20.76
1930	21.40	18.55	20.57
2000	18.34	18.46	20.48
2030	21.92	18.17	20.18
2100	21.40	18.17	20.18
2130	21.40	18.46	20.48
2200	21.40	20.67	22.73
2230	18.27	20.67	22.72
2300	17.97	20.67	22.73
2330	17.22	18.17	20.17
2400	16.63	17.84	19.83

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Treasuries hold steady as investors consider data

By Patrick Harverson in New York and Sara Webb in London

US government bonds held steady yesterday morning as dealers and investors balanced the positive implications of last week's July employment report with the negative likely impact on prices of this week's big Treasury auctions.

GOVERNMENT BONDS

By midday the benchmark 30-year Treasury issue was unchanged at 98⅝, yielding 8.242 per cent. The two-year note was similarly adrift, unchanged at 100⅜ to yield 6.669 per cent.

The latest round of what is a record refunding programme starts later today with the sale of $14bn of new three-year notes. The remainder of the monthly requirement is scheduled for later in the week, with $12bn of 10-year paper and $12bn of 30-year bonds due up for auction.

The weight of that approaching supply is likely to keep a lid on prices this week, but early indications yesterday were that demand for the securities should be sufficient in the wake of last week's poor July employment figures, which raised hopes of an interest rate cut. By midsession the new 30-year bonds, due for sale on Thursday, were trading on a when-issued basis at a healthy yield of 8.24 per cent.

In the credit markets, Federal funds held steady at 5$\frac{11}{16}$, below the Federal Reserve's required target of 5¾ per cent.

■ THE Bank of England announced three further tranches of stock yesterday as the UK government bond market rally continued.

The rise in the gilt market on Friday, following the US Treasury bond rally, helped the Bank to sell the remainder of its £1bn tap stock, the 9 per cent gilt due 2011.

With effect from today it is selling £150m of 10¼ per cent Exchequer stock due 1995, £150m of 10¼ per cent Conversion stock due 1999 and £150m of 8½ per cent Treasury stock due 2007.

The benchmark 11¾ per cent gilt due 2003/07 rose from 111$\frac{5}{32}$ to 111$\frac{11}{32}$ to yield 9.98 per cent.

■ YESTERDAY's strengthening in the D-Mark helped to depress German government bond prices as traders said a strong currency would reduce the chance of the Bundesbank raising interest rates. The Bundesbank is under pressure to raise interest rates to curb inflation. The Liffe bund futures contract opened at 84.27, falling to 84.21 later.

■ Japanese government bonds rose on the US Treasury bond market's rally on Friday, raising hopes the Bank of Japan would cut the official discount rate. The yield in the benchmark No 129 bond, which closed at 6.59 per cent on Friday, opened at 6.54 per cent yesterday, moving to 6.515 per cent before falling to 6.535.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	106.3463	-	10.95	10.92	10.98
BELGIUM		10.000	08/00	103.0000	-0.100	9.49	9.51	9.54
CANADA *		9.750	12/01	99.5750	-0.100	9.81	9.83	10.00
DENMARK		9.000	11/00	97.2750	-0.150	9.44	9.45	9.33
FRANCE	BTAN	9.000	02/96	98.5601	-0.035	9.37	9.42	9.35
	OAT	9.500	01/01	101.8600	-0.140	9.18	9.24	9.23
GERMANY		8.375	05/01	98.4800	-0.120	8.60	8.69	8.57
ITALY		12.500	03/01	97.2800	+0.050	13.42	13.48	13.34
JAPAN	No 119	4.800	06/99	88.4636	+0.263	6.86	7.03	7.22
	No 129	6.400	03/00	99.3374	+0.164	6.52	6.65	6.76
NETHERLANDS		8.500	03/01	97.6800	-0.060	8.86	8.90	8.81
SPAIN		11.900	07/96	99.7000	+0.550	11.96	12.10	11.85
UK GILTS		10.000	11/96	99-18	+05/32	10.10	10.23	10.28
		10.000	02/01	100-00	+08/32	10.00	10.17	10.24
		9.000	10/08	93-13	+04/32	9.79	9.94	9.97
US TREASURY *		8.000	05/01	98-19	+00/32	8.06	8.19	8.29
		8.125	05/21	98-18	-01/32	8.25	8.39	8.46

London closing. *New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

The decline and rise of Bond Corporation

Simon London examines the battle to save the Australian brewing and property group

Bond Corporation is dead, long live Bond Corporation. A favourable decision by the Supreme Court of Western Australia this month should clear the way for the brewing to property conglomerate – once headed by Mr Alan Bond – to rise, in a much reduced form, from one of the most spectacular corporate failures in recent history.

The battle to save what remains of Bond Corporation from immediate liquidation has taken nearly a year of tough negotiation, seven separate meetings of creditors and shareholders and the agreement of 14 banks.

The process has been complex because of the company's labyrinthine debt structure, built up during the heady days of debt-financed expansion in the late 1980s. Meetings of bondholders and shareholders were held in London, Geneva, Frankfurt and Perth – under a combination of German, Swiss, UK, US and Australian law. If any one group had refused to accept the deal, the whole process of salvage would have collapsed.

Investors agreed to the restructuring plan out of economic self-interest rather than any sentimental attachment to Bond Corporation. Most would rather forget the name.

An independent valuation of Bond Corporation's assets by Ferrier Hodgson, the Australian accountancy firm, concluded that just 1.5 cents in the dollar would be realised from an immediate liquidation, with just A$15m (US$11.7m) left over to be shared among shareholders and other unsecured creditors.

Against this, an orderly work-out of the group's assets under the scheme of arrangement could yield 19.8 cents in the dollar over five years.

While creditors meetings were taking place in Europe, a stream of legal actions in Australia threatened to scupper the rescue attempts. The most serious threat came from the liquidators of J.N.Taylor Holdings, a subsidiary of the group, owed A$180m by Bond Corporation.

The liquidators finally opted to back the orderly work-out of assets, rather than seek an immediate winding up.

The company also had to reach a separate arrangement with Australian Consolidated Investments (ACIL), formerly Bell Resources, another vehicle of Mr Bond, after defaulting on a A$433m debt repayment in January.

Again, Bond Corporation could have been placed in liquidation. Again, the creditor took a more flexible attitude.

In fact, the agreement with ACIL is a cornerstone of the work-out plan. ACIL has reduced its secured claims over Bond corporation to A$115m from an original A$400m. It will also provide working capital for the five-year life of the scheme.

This could be crucial, since the scheme commits Bond Corporation to paying dividends to a strict timetable. If a payment is missed, the whole scheme of arrangement is put at risk. If property and other assets cannot be realised according to this timetable, Bond Corporation may have to draw on funds provided by ACIL to survive.

Running costs are estimated at approximately A$10m per year during the five-year work-out period. This reflects the modest size of the new Bond organisation, symbolically moved from Perth, the west coast boom-town where Bond Corporation has its roots, to Sydney in the east.

At one time the company employed six people simply to feed the demands of the inquiries into Mr Bond's affairs – these included investigations by the Australian Broadcasting Tribunal, the Australian Securities Commission (into the collapse of the Rothwells' finance house controlled by Mr Laurie Connell, a close friend of Mr Bond) and a Royal Commission.

Legal bills will also be substantial. For the "new" Bond Corporation holds a motley collection of assets, many of them litigious – based on legal claims outstanding.

For example, a claim against the Western Australian government over a failed petrochemical project could net some $500m for the company.

Other assets are centred on property, ranging from 1,450 hectares of undeveloped land on the north coast of New South Wales to the Gladswood House hotel in Double Bay.

In common with the legal actions, many of these assets are immature and require development. They would realise only a residual value in the current depressed property market. For example, development of the massive Ocean Shores estate has faced stiff opposition from environmental groups and the land has not been "rezoned" or redesignated by the state government for development.

Investors agreed to the restructuring plan out of economic self-interest rather than attachment to Bond Corporation. Most would rather forget the name.

In addition, Bond Corporation still owns a stake in two US brewers, Heileman and Pittsburgh. Ironically, Heileman was Bond Corporation's first significant international acquisition. The fifth largest brewer in the US, with approximately 7 per cent of the US beer market, cost $1.3bn in 1987.

However, Heileman is currently being reorganised under Chapter 11 of the US bankruptcy code, which offers protection from its creditors. Bond Corporation's stake is likely to be reduced to a minority. The value of the investment was written down by A$454m in the last financial year.

As for Mr Bond, the affair is not yet over. Last month, his personal investment vehicle, Dallhold Investments, was placed in provisional liquidation. The liquidation was sought by none other than J.N. Taylor Holdings, owed A$110m by Dallhold.

One Dallhold asset is a 5 per cent holding in the "new" Bond Corporation. The Australian Securities Commission said it will investigate Dallhold.

Neither is the affair over for corporate Australia. The episode has done much to tarnish the image of Australian companies in the eyes of international investors – particularly the wealthy retail investors of Germany and Switzerland who proved such a ready source of finance in the 1980s.

For example, a recent $75m Euroconvertible bond offering by S.A. Brewing, a diversified manufacturing group, had to be scaled down in the face of lacklustre demand. Other transactions, such as a recent issue of convertible bonds by Poseidon, part of Mr Robert Champion de Crespigny's mining group, have been completed as low-key private placements rather than public issues.

Indeed, Mr de Crespigny recently sought to simplify the complex structure of his corporate empire to reduce comparisons with Bond.

As for investors in Bond Corporation, they are simply hoping that the rag-bag of "immature" assets can be realised with a minimum of complication or controversy.

Bayer USA in $150m five-year issue

By Tracy Corrigan

NEW issue activity in the Eurobond market is expected to be subdued, as the traditional August lull sets in.

INTERNATIONAL BONDS

Only one deal emerged yesterday, a $150m five-year issue for Bayer USA, via Deutsche Bank Capital Markets, aimed at retail investors. The deal was bid at 99.87 towards the end of trading, above its fixed re-offer price of 99.85.

The largest deal due this month is a $1bn-$1.5bn global offering of credit card-backed securities by Citicorp, the US bank. It will be launched shortly, a Citicorp official said. The maturity has not yet been decided, and the mandate to arrange the deal is still to be awarded.

Yield spreads of Eurobond issues in the secondary market continue to tighten, indicating firm demand for dollar securities. Citicorp's 8½ per cent bonds due 1996, launched in May at a yield spread of 95 basis points above the five-year Treasury, have tightened to 70 basis points over the curve.

"Eurobond spreads have come in dramatically, but historically they are still some way from being at their tightest," a dealer said. Tight spreads are unlikely to be threatened by any supply of paper, as swap spreads remain unattractive, and most large, sovereign or supranational borrowers have completed their funding needs, until September.

London Fox submits bid for NZ exchange

THE London Futures and Options Exchange (Fox) has submitted a detailed bid for the New Zealand Futures and Options Exchange, writes Tracy Corrigan.

The proposal is to be considered by the Exchange Board tomorrow, and London Fox hopes to have a final answer after the Exchange's annual meeting on August 15.

If the takeover goes ahead, New Zealand government bonds and bill and currency contracts will be brought to London.

Islington completes £200m refinancing deal

By Tracy Corrigan

ISLINGTON council, the north London local authority, has completed a refinancing of £200m of deferred purchase arrangements.

It is believed to be the first refinancing of bank lending since the House of Lords ruled earlier this year that local authority interest rate swaps were illegal, severely denting relationships between banks and councils.

The margin on the seven-year deal is 75 basis points over the London interbank offered rate (Libor) – substantially higher than for the original borrowings, with margins of 30 to 50 basis points.

The Lords' decision left banks facing losses of nearly £600m on local authority swaps business and local councils have found it hard to arrange bank financings since.

The reluctance of the banks to lend to councils has been exacerbated by the existing strain on their balance sheets caused by economic recession and new capital adequacy requirements.

Satman, a building contracting firm, which undertook housing work for Islington in exchange for deferred payment, is the counterparty of the refinancing, but the firm has a contractual relationship with Islington council, which is viewed as the ultimate credit.

The original seven-year agreements were made in 1985 and 1986.

The lead bank, Guinness Mahon, had *indicated that it* should be possible to roll over the agreements for two periods of seven years, then for a further three years (that is making a total of 24 years).

However, when Satman tested the ground, Guinness Mahon had got out of the local authorities market.

Sixteen months ago, Islington and Satman agreed to appoint S.G. Warburg as lead bank. On Friday, a deal refinancing the £200m over seven years was signed, but the banks insisted on a £30m as *payment* upfront. The drawdown will not be until next year.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Monday August 5 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Aug 2 Index No.	Thu Aug 1 Index No.	Wed Jul 31 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (184)	834.57	-0.6	10.32	5.79	11.95	22.56	839.88	832.88	828.79	813.62
2	Building Materials (24)	1059.29	-1.1	9.05	5.89	13.97	30.76	1070.80	1064.43	1058.54	1044.40
3	Contracting, Construction (31)	1144.79	-1.1	9.60	6.82	13.76	32.68	1158.05	1154.84	1143.53	1362.95
4	Electricals (11)	2431.83	-1.1	10.54	5.48	12.08	61.85	2460.03	2438.43	2448.00	2223.92
5	Electronics (25)	1727.96	-0.2	8.71	5.21	15.26	46.89	1730.71	1716.89	1689.87	1658.94
6	Engineering-Aerospace (8)	423.71	-0.7	16.15	5.92	7.43	12.11	426.67	423.33	420.99	445.51
7	Engineering-General (45)	458.74	-0.1	11.69	5.60	10.48	11.82	459.10	454.95	453.41	462.12
8	Metals and Metal Forming (8)	432.88	-0.5	16.29	8.16	7.54	16.93	435.21	431.24	430.19	451.66
9	Motors (12)	320.80	-0.8	12.36	7.49	9.55	10.28	323.30	318.15	320.12	316.95
10	Other Industrial Materials (20)	1617.58	-0.5	8.62	4.97	13.64	36.42	1625.46	1609.33	1604.52	1444.09
21	CONSUMER GROUP (187)	1514.31	-0.6	7.66	3.61	16.09	25.63	1524.00	1524.56	1522.73	1229.68
22	Brewers and Distillers (22)	1843.84	-0.1	8.35	3.59	14.60	34.70	1846.44	1848.20	1842.16	1553.12
25	Food Manufacturing (19)	1204.28	-0.7	9.53	4.11	12.95	24.43	1213.06	1205.21	1201.96	1032.24
26	Food Retailing (17)	2727.88	-1.6	7.88	3.06	16.59	39.61	2772.37	2744.26	2730.71	2415.08
27	Health and Household (22)	3590.48	-0.7	5.40	2.41	21.12	30.93	3617.37	3625.40	3633.56	2395.07
29	Hotels and Leisure (23)	1289.91	-0.3	9.30	5.34	12.98	32.35	1294.43	1297.45	1296.79	1346.64
30	Media (26)	1438.79	-0.2	8.16	4.93	15.92	38.26	1441.74	1438.30	1431.17	0.00
31	Packaging, Paper & Printing (17)	749.11	+0.2	7.51	4.40	16.07	15.15	747.29	746.84	747.64	559.85
34	Stores (32)	967.47	-0.8	7.92	3.84	16.48	17.06	975.14	987.26	988.59	771.30
35	Textiles (9)	594.27	-1.0	8.45	5.22	14.70	13.79	600.52	592.46	587.14	473.76
40	OTHER GROUPS (109)	1258.63	-0.7	9.81	5.12	12.70	29.31	1266.91	1260.54	1260.07	1068.99
41	Business Services (12)	1352.63	-0.1	7.98	4.82	15.50	29.77	1354.12	1340.37	1337.92	0.00
42	Chemicals (21)	1435.47	-0.7	7.14	5.02	17.27	33.03	1445.90	1443.70	1433.86	1134.78
43	Conglomerates (10)	1445.99	-1.5	10.30	7.30	11.73	35.14	1467.92	1466.73	1452.29	1485.54
44	Transport (13)	2255.70	-0.6	8.38	4.72	14.78	50.50	2268.69	2255.56	2245.22	2144.67
45	Electricity (16)	1214.49	-0.2	14.38	5.35	8.88	18.41	1216.58	1209.84	1217.92	0.00
46	Telephone Networks (4)	1514.02	-0.5	9.80	4.02	13.35	28.31	1522.17	1510.44	1520.01	1118.91
47	Water (10)	2340.11	-0.1	17.46	6.58	6.34	118.37	2342.63	2324.85	2337.90	1929.94
48	Miscellaneous (23)	1997.41	-1.0	6.08	4.83	21.31	47.89	2016.74	2009.75	2002.20	1595.46
49	INDUSTRIAL GROUP (480)	1267.35	-0.6	8.87	4.52	13.95	26.53	1275.53	1271.63	1269.55	1086.02
51	Oil & Gas (20)	2458.71	-0.7	11.03	5.57	11.92	67.26	2476.07	2481.24	2483.22	2522.37
59	500 SHARE INDEX (500)	1368.55	-0.6	9.15	4.65	13.66	29.82	1377.48	1374.18	1372.36	1203.42
61	FINANCIAL GROUP (92)	819.79	....	-	5.70	-	21.65	819.34	808.83	808.71	746.30
62	Banks (9)	949.86	+0.8	5.30	5.67	30.17	24.83	941.89	926.90	935.57	792.62
65	Insurance (Life) (7)	1566.01	-0.3	-	5.28	-	41.64	1570.43	1548.08	1539.81	1374.06
66	Insurance (Composite) (6)	671.73	-1.3	-	6.52	-	20.23	680.76	665.82	653.95	621.21
67	Insurance (Brokers) (9)	1147.29	-0.9	6.85	5.89	18.93	30.61	1158.24	1151.50	1149.47	915.35
68	Merchant Banks (7)	442.76	+0.6	-	4.74	-	11.00	439.92	437.84	436.88	404.67
69	Property (36)	921.84	-0.1	6.05	5.05	23.52	19.84	922.54	922.88	923.96	1037.90
70	Other Financial (18)	251.42	-0.2	11.41	7.20	10.98	7.99	251.85	251.27	248.99	275.91
71	Investment Trusts (69)	1218.60	-0.6	-	3.51	-	20.95	1226.45	1224.95	1224.22	1125.07
99	ALL-SHARE INDEX (661)	1235.08	-0.6	-	4.76	-	27.55	1241.97	1237.31	1235.89	1092.90

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Year ago
FT-SE 100 SHARE INDEX‡	2585.4	-16.3	2606.0	2585.4	2601.7	2591.7	2588.8	2595.6	2595.0	2220.2

FIXED INTEREST

	PRICE INDICES	Mon Aug 5	Day's change %	Fri Aug 2	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.48	+0.16	121.28	1.92	7.13
2	5-15 years (27)	132.35	+0.26	132.01	1.75	8.58
3	Over 15 years (9)	141.30	+0.27	141.31	2.89	6.83
4	Irredeemables (6)	155.29	+0.64	154.31	2.65	7.34
5	All stocks (70)	131.30	+0.23	131.03	1.94	8.02
	Index-Linked					
6	Up to 5 years (1)	160.44	+0.03	160.39	0.77	2.72
7	Over 5 years (10)	145.25	+0.17	145.01	0.64	2.76
8	All stocks (11)	146.25	+0.16	146.02	0.64	2.76
9	Debs & Loans (56)	110.31	+0.09	110.21	2.64	5.89

	AVERAGE GROSS REDEMPTION YIELDS		Mon Aug 5	Fri Aug 2	Year ago (approx.)
	British Government				
1	Low	5 years	8.94	8.99	11.10
2	Coupons	15 years	9.70	9.75	11.10
3	(0%-7¾%)	20 years	9.70	9.75	11.10
4	Medium	5 years	10.08	10.14	12.23
5	Coupons	15 years	9.88	9.92	11.64
6	(8%-10¾%)	20 years	9.83	9.87	11.46
7	High	5 years	10.26	10.31	12.34
8	Coupons	15 years	9.99	10.03	11.91
9	(11%-)	20 years	9.90	9.93	11.75
10	Irredeemables		9.90	9.97	11.17
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.43	4.43	4.77
12	Inflation rate 5%	Over 5 yrs.	4.38	4.39	4.24
13	Inflation rate 10%	Up to 5 yrs	3.51	3.50	3.68
14	Inflation rate 10%	Over 5 yrs.	4.20	4.21	4.07
15	Debs &	5 years	11.85	11.85	13.86
16	Loans	15 years	11.63	11.63	12.76
17		25 years	11.42	11.42	12.52

‡Opening index 2599.1; 9 am 2605.9; 10 am 2597.4; 11 am 2594.4; Noon 2594.7; 1 pm 2593.8; 2 pm 2594.5; 2.30 pm 2594.2; 3 pm 2592.5; 4.10 pm 2587.9; (a) 8.58am (b) 4.30pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	79	0	4
Corporations, Dominion and Foreign Bonds	5	0	15
Industrials	174	326	1,008
Financial and Properties	66	172	500
Oils	14	29	45
Plantations	0	0	10
Mines	10	65	83
Others	16	93	61
Totals	364	685	1,726

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	-	107	101	Abtrust Preferred Inc. Tst.	102		M12.32	-	16.1	-
$102	F.P.	-	109	104	Do. Zero Div. Prf.	109		-	-	-	-
-	F.P.	-	45	10	Aegis Warrants 5p	43½		-	-	-	-
‡	F.P.	-	185	185	Brockhampton 10p	185		-	-	-	-
‡	F.P.	-	33	33	Do. A Warrants 10p	33		-	-	-	-
‡	F.P.	-	155	140	Do. Non/Vtg. A 10p	155		-	-	-	-
†	F.P.	-	106	105	Capital Ventures 1p	105		-	-	-	-
-	F.P.	-	9	9	City of Oxford Wrnts.	9		-	-	-	-
175	F.P.	-	174	163	Claremont Garments 16p	172	+5	L6.95	1.9	5.4	10.7
100	F.P.	-	100	98	County Smaller Cos	98		M3.38	-	4.6	-
-	F.P.	-	23	20	Do Warrants	20		-	-	-	-
4	F.P.	-	7	4¼	Colver 1p	7	+½	-	-	-	-
225	F.P.	-	248	225	Eurocamp 5p	240		R8.5	2.5	4.7	11.5
-	F.P.	-	263	238	Eurotunnel '91 Wrnts.	238		-	-	-	-
-	F.P.	-	518	503	Fleming Emrg. Mkts.	508	-2	-	-	-	-
-	F.P.	-	½	¼	Gaelic Res. Wrnts.	½	+¼	-	-	-	-
100	F.P.	-	107	105	Gartmore Scotland Inc.	107		M11.6	-	14.5	-
100	F.P.	-	98	90	Do Capital	90	-1	-	-	-	-
-	F.P.	-	£650	£605	Do. Units	£615		-	-	-	-
Ir230	F.P.	-	245	205	Greencore Ir£1	230		a06%	5.9	1.8	9.7
146	F.P.	-	160	151	Irish Life Ir10p	156	-1	H0102%	-	5.9	-
100	F.P.	-	107	101	Kleinwort High Inc. 5p	106		M7.5	-	9.4	-
‡290	F.P.	-	314	297	Lowndes Lambert 5p	308	-1	L11.5	1.9	5.0	14.4
385	F.P.	-	335	269	Manchester United 10p	269	-3	-	-	-	-
125	F.P.	-	127	89	Mirror Grp. Newspapers	105	+2	R6.35	1.7	8.4	9.4
100	F.P.	-	113	100	Moorgate Smaller Co's.	105		M4.13	-	5.2	-
35	F.P.	-	39	36	Do. Warrants	37		-	-	-	-
100	F.P.	-	102	101	Murray Split Income 10p	102		M10.58	-	13.8	-
100	F.P.	-	100	98	Murray Split Tst. Cap. 10p	98		-	-	-	-
-	F.P.	-	2550	2520	Do Units	2550		-	-	-	-
240	100	-	124½	109	Scot Hydro-Elect. 50p	115½	-1	R9.13	1.9	4.8	13.6
240	100	-	119½	101	Scottish Power 50p	107	-½	L9.2	a2.1	5.0	11.0
††	F.P.	-	47	47	Scottish Value Trust	47		a1.8	0.8	5.1	34.6
100	F.P.	-	102	102	US Smaller Cos.	102		-	-	-	-
100	F.P.	-	32	23	Do Warrants	32	+1	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106p	
100	F.P.	-	110¼	98¾	Barnett Cap (Jersey) 9½pc Cnv Bds 2006	105¼	
470.5	Nil	-	2½pm	1pm	City of Oxford Zero Div Prf 5p	1½pm	
100	F.P.	-	90	80½	Claybithe 9½pc Cov. Ln 2000-01	83	
100	F.P.	-	102	96½	EE Finance 8¾pc Gtd. Exch. Bds. 2006	100	-¼
Ir110p	F.P.	-	128p	108p	Fyffes 8.25p (Net) Cov Cm Prf Ir£1	128p	
100p	F.P.	-	105p	104¼p	Gartmore Scotland Zero Div Prf.	104½p	-¼
100p	F.P.	-	106p	102½p	Kleinwort High Income Zero Div Prf.	105p	+¼
102½p	F.P.	-	105¼p	103p	Murray Split Cap Tst Zero Div Prf 10p	105¼p	+¼
100p	F.P.	-	104½p	97½p	Queens Moat Houses 7½pc Cv Rd Pf	100p	+½
100	F.P.	-	103¼	96½	RMC Capital 8¾pc Cnv Bds. 2006	102	-¼
100	F.P.	-	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	99	-¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
145	Nil	-	53pm	18pm	Alexanders Furniture 10p	45pm	-2
88	Nil	-	1½pm	1½pm	‡Alan Paul 5p	1½pm	
30	Nil	-	6½pm	1½pm	Boston Group 10p	1½pm	-1½
200	Nil	-	7pm	1½pm	City of Oxford Units	1½pm	
60	Nil	-	7pm	¼pm	Dean & Bowes 5p	¼pm	
30	Nil	-	¼pm	¼pm	Eng. & O'seas Props. 10p	¼pm	
31	Nil	-	2½pm	½pm	Ex-Lands 10p	½pm	
25	Nil	-	7pm	2pm	Hemingway Props.	2½pm	
75	Nil	-	1¼pm	1¼pm	Hewetson 10p	1¼pm	
35	Nil	-	10½pm	7pm	Howden Group	10½pm	
87	Nil	-	18pm	10pm	JLI Group 20p	16½pm	-1
25	Nil	-	¼pm	¼pm	Mountleigh Group	¼pm	
47	Nil	-	2pm	½pm	Scottish Value Tst.	½pm	
190	Nil	-	34pm	12pm	Trafalgar House A 20p	17pm	-4
25	Nil	-	4½pm	1½pm	Whessoy	1½pm	-½

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Aug. 5
- Last Dealings Aug. 16
- Last Declarations Nov. 7
- For settlement Nov. 18

For rate indications see end of London Share Service

Calls: Berisford, Ferranti, Kalon, Telemetrix, Thames TV. Puts: First Leisure, Trade Indemnity.

LONDON TRADED OPTIONS

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Alld Lyons (*583)	550	52½	64	80	8¼	16½	21
	600	22½	35½	51	28½	37½	41
	650	7¼	18	-	67	69	-
ASDA (*90)	90	5	8	8½	6½	8	9
	100	2¼	4½	8½	14	14½	16½
	110	¼	2¼	-	23½	23½	-
Brit. Airways (*177)	140	40½	42½	-	1	2	-
	160	23	26½	31½	3	5¼	7
	180	10	15½	20½	9½	13	15½
SmKl Beecham A (*775)	750	52½	73½	90½	15½	24½	30½
	800	25	44½	63½	39½	47½	50½
	850	10½	27	42½	78½	80½	82½
Boots (*413)	360	63	68	-	1½	3	-
	390	36½	44½	55½	5½	10½	11½
	420	17	26½	38½	15½	22½	24½
B.P. (*343)	330	20	27	32½	5¼	10	13
	360	7	12½	17	21½	25½	28
	390	1¼	5¼	-	48½	49½	-
British Steel (*122)	110	14½	17	19	1½	3¼	4¼
	120	7½	10½	13	3½	7	7¼
	130	3	6	8½	10	12	13
Bass (*917)	900	-	70½	85	-	34	40½
	929	37½	-	-	29	-	-
	950	-	43½	60	-	60½	68½
C & Wire (*575)	500	87	100	-	3	7	-
	550	46½	61½	77½	10	18	20
	600	19½	34½	48½	32½	40½	42½
Courtaulds (*438)	390	59	67	78	2¼	6	8¼
	420	35	45	58	8½	13½	16½
	460	13½	25	36	26	29	30
Coml. Union (*530)	460	70½	84	-	2	5	-
	500	37½	54½	62½	9	13½	19½
	550	13½	27	35½	33½	37½	40½
Fisons (*491)	460	46	59	71	6	11	14½
	500	20	35	47	21	27	30
	550	5	15½	25	59	60	61
GKN (*339)	330	18	31	37½	13	16½	24
	360	7	16½	21	32½	34½	40½
	390	1½	9½	11½	58½	60½	62½
Grand Met. (*788)	750	66	87½	97½	11	24	29½
	800	35	56	69½	32½	43	50½
	850	15½	34½	47½	63½	73	80½
I.C.I (*1331)	1250	102	143	158	23	35½	50½
	1300	70½	114	128	42½	55½	71½
	1350	47½	87½	101	68½	77½	93½
Kingfisher (*540)	460	85½	99½	-	3	5	-
	500	52½	69½	50½	8½	13¼	17
	550	20	37½	50½	27	32½	37½
Ladbroke (*266)	260	17½	23½	30	10	13	17½
	280	8¼	15	21	21	24	27
Land Secur (*510)	500	27½	37½	48	8¼	16	19½
	550	6¾	14½	24½	40	42½	45½
M & S (*274)	260	22½	28½	36½	3¼	6½	8½
	280	10½	18	24½	11	14½	15½
Sainsbury (*374)	360	-	-	46	-	-	12½
	386	12½	21½	-	18½	22½	-
Shell Trans. (*532)	500	39½	52½	57½	7½	10½	14½
	550	10	22	27½	30½	33½	37½
Storehouse (*109)	100	13½	15½	17½	1¼	4	5½
	110	8	9½	13½	6¼	7½	10
Trafalgar (*217)	211	21	25	-	8¼	17	-
	220	-	-	25	-	-	25
Utd. Biscuits	390	17½	28½	36	14½	19	25
Unilever (*768)	750	47½	65½	79½	14	20	27½
	800	19½	37½	52½	38½	45½	49½
Ultramar (*277)	260	22½	29½	34½	6	8	10½
	280	11½	20	22	16	17½	20½

Option		CALLS Aug	Nov	Feb	PUTS Aug	Nov	Feb
Brit Aero (*576)	550	31½	44½	61½	3½	18	21
	600	6	20	35½	28½	41½	44½
	650	1	7½	19	74½	81	81½
BAA (*434)	390	48	60	65	½	3¼	8
	420	21	36½	45	3½	11½	16½
	460	3¼	15½	24	26½	30	35
BAT Inds (*739)	700	48	55	77½	3¼	15½	20½
	750	12	27	47½	19½	34	41
	800	-	12	27½	-	68½	71½
BTR (*424)	420	12½	22	35	6½	18½	22
	460	1½	7¼	16½	37½	44½	45½
Brit. Telecom (*386)	360	29	40	46½	2	5¼	8¼
	390	7¼	19	27½	9¼	14¼	19
Cadbury Sch (*363)	360	11½	24	34	7	13½	17½
	390	2	10½	19	27½	32½	34½
Eastern Elec (*175)	160	16½	24½	26½	1	3	6
	180	4¼	11	15	7½	11	14½
Guinness (*983)	950	43½	70½	132	1	9½	15½
	1000	13½	42	69½	23½	42½	51½
GEC (*189)	180	11	17½	20½	1¼	3¼	5½
	200	1¼	6	9¼	11½	14	15½
Hanson (*209)	200	11¼	19½	21¼	1½	4¼	9¼
	220	1½	7¼	10¼	11½	14	20½
LASMO (*330)	330	6¼	23	33½	9½	15½	21½
	360	1¼	11	19	32½	37½	38½
Lucas Inds (*138)	130	10½	15½	17½	1¼	6¼	8
	140	3¼	9½	12½	5	10½	13½
P & O. (*586)	550	42½	53½	68	2¼	14½	20½
	600	9½	24	42	19½	39	45½
Pilkington (*154)	140	14½	21½	25½	1	4¼	6½
	160	3¼	10½	14½	9	13½	15¼
Prudential (*252)	240	14½	20½	27½	1¼	7	9
	260	3	10	16½	10½	16½	18½
Racal (*213)	200	15	24	30	2	7	9½
	220	4½	12	19	10½	17	19
R.T.Z. (*585)	550	40½	52½	69½	2¼	11	16
	600	6½	24½	40½	20	30½	35½
Scot. & New (*416)	390	28	42	48	1¼	7½	11½
	420	8	24	29½	11	18	23
Tesco (*279)	260	-	30	37	-	4	6
	280	7½	16½	24½	7	10½	12½
Thames Water (*370)	370	7	21	28	6	11½	15½
	400	1¼	9	14½	30½	32½	34½

Option		CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
Abbey Nat. (*302)	280	24	33	40	3	5½	9
	300	10½	20½	27½	9½	13½	16½
Amstrad (*51)	50	4½	6¼	8¼	3¼	4½	6½
	60	1	3	4¼	10	12	13
Barclays (*463)	460	14	30½	40	18½	24	29½
	500	3¼	13½	23	49½	50½	53½
Blue Circle (*265)	260	14½	22	30	9½	14	17½
	280	5¼	13½	21	21	25	27
British Gas (*267)	260	14	22½	25½	4	6¼	11
	280	4¼	11	16	15	16½	19½
Dixons (*242)	240	12½	22½	28	8	13½	16½
	260	4	12	16½	18½	21½	24½
Eurotunnel (*444)	420	39	55	69	8½	16	22
	460	16½	33½	47½	26	33½	38½
Glaxo (*1277)	1250	61½	96½	131	35½	51½	61½
	1300	35	73½	103	59½	76½	86½
Hawker Sidd. (*579)	550	45	58½	70	9½	18½	23
	600	16	32	43½	28½	41½	48½
Hillsdown (*231)	220	17½	23	30	4	7	9
	240	6½	12½	18½	12½	16½	18½
Lonrho (*245)	240	13½	23	25	5½	10	15½
	260	5¼	13½	16½	16½	19½	26
Midland Bk (*232)	220	17½	25½	34½	7	10½	13½
	240	8	15½	-	16½	19½	-
National Power (*153)	140	12	14½	16	3	4	7
	160	1¼	5¼	8	13½	15½	16½
Reuters (*815)	800	47½	78½	103	22	37	48½
	850	24½	55½	76½	48½	61½	71½
R. Royce (*157)	140	19	21	25	1¼	3¼	6
	160	5	9½	13¼	8	11½	14
Sears (*80)	80	4¼	6¼	8½	3¼	5¼	6½
	90	1¼	2½	4¼	10½	11¼	12
THF (*271)	260	17	22	30	4	8	10¼
	280	6½	11½	18½	13	17½	19½
Thorn EMI (*771)	750	41	62	79	12	24½	29½
	800	12½	34½	52½	37½	47½	50½
TSB (*150)	140	9½	14½	16½	2¼	4¼	6¼
	160	2	5¼	7½	14½	15½	17
Vaal Reefs (*566)	60	9¼	13	14	2¼	4½	6½
	70	4	7¼	9¼	6¼	9¼	11
Wellcome (*715)	700	43½	64½	86½	19	32½	37½
	750	20½	41	61½	43½	55½	60½

Option		CALLS Sep	Dec		PUTS Sep	Dec	
Scottish Power (*107)	100	10	14	-	1¼	2¼	-
	110	3¼	9	-	5¼	6¼	-

EURO FT-SE INDEX (*2588)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Aug	276	227	178	131	87½	49½	22½	7
Sep	295	247	200	156	113	78½	50½	29½
Oct	309	-	219	-	139	-	74½	-
Dec	338	-	255	-	182	-	118	-
Mar	382	-	300	-	232	-	172	-
Jun	420	-	342	-	280	-	215	-
PUTS								
Aug	1½	2½	2½	5	11½	20	44½	78½
Sep	3½	4½	6	12½	20½	34½	54	82
Oct	6½	-	13½	-	30½	-	63½	-
Dec	16½	-	28	-	48	-	79	-
Mar	25	-	42	-	65½	-	97½	-
Jun	37½	-	55	-	80	-	110	-

FT-SE INDEX (*2580)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Aug	304	254	205	156	107	66½	33½	12
Sep	321	273	226	180	137	99½	66	40½
Oct	334	287	243	199	157	121	87½	60½
Nov	348	303	259	217	178	143	110	83½
Dec †	362	-	276	-	197	-	150	-
Jun †	440	-	363	-	291	-	225	-
PUTS								
Aug	½	1	1½	3½	7½	15	33	66½
Sep	3	4½	6	10	17½	28	46	74
Oct	4½	7½	12	18½	26½	39½	58½	86
Nov	9	12½	18½	25½	36½	50½	69½	93½
Dec †	11½	-	24	-	45	-	77½	-
Jun †	35	-	50	-	75	-	110	-

August 5 Total Contracts 17,024
Calls 11,104 Puts 5,920
FT-SE Index Calls 2,851 Puts 1,214
Euro FT-SE Calls 506 Puts 780
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

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FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, August 5, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	58.0409	33 7585	42.4598
Albania	(Lek)	10.2575	5.9985	3.4889	4 3882
Algeria	(Dinar)	30.0088	17.549	10.207	12 8379
Andorra	(Fr.Fr)	10.0075	5.8523	3 4039	4.2812
	(Sp Peseta)	184 25	107 749	62.67	78.8235
Angola	(Kwanza)	101.3050	59.2426	34.4574	43.339
Antigua	(E Carr $)	4.5725	2.6739	1.5552	1.9561
Argentina	(Austral)	16936.77	9904.54	5760 81	7245.68
Aruba	(Florin)	3.0314	1.7727	1.031	1.2968
Australia	(Aus $)	2.1910	1.2812	0 7452	0.9373
Austria	(Schilling)	20.685	12.0964	7.0357	8.8491
Azores	(Port Escudo)	252.00	147.368	85.7142	107.807
Bahamas	(Bahama $)	1.7100	1	0.5816	0.7315
Bahrain	(Dinar)	0.6377	0.3729	0.2169	0.2728
Balearic Is	(Sp Peseta)	184.25	107.749	62 67	78.8235
Bangladesh	(Taka)	60.00	35.0877	20.4081	25.6684
Barbados	(Barb $)	3 4061	1.9918	1.1585	1.4571
Belgium	(Belg Fr)	60.60	35.4385	20.6122	25.9251
Belize	(B $)	3.3870	1.9807	1.152	1.4489
Benin	(CFA Fr)	500.375	292.617	170.196	214.064
Bermuda	(Bermudian $)	1.7100	1	0.5816	0.7315
Bhutan	(Ngultrum)	43.50	25.4385	14.7959	18.6096
Bolivia	(Boliviano)	6.1051	3.5702	2.0765	2.6118
Botswana	(Pula)	3.4742	2.0316	1.1817	1.4862
Brazil	(Cruzeiro)	595.195	348 067	202.447	254.629
Brunei	(Brunei $)	2 9550	1.728	1.0051	1.2641
Bulgaria	(Lev)	31.014	18.1368	10.5489	13.268
Burkina Faso	(CFA Fr)	500 375	292.617	170.196	214.064
Burma	(Kyat)	10.799	6.3152	3.6731	4.6198
Burundi	(Burundi Fr)	286.75	167 69	97.534	122.674
Cambodia	(Riel)	1354 80	792.281	460.816	579.594
Cameroon	(CFA Fr)	500.375	292.617	170.196	214.064
Canada	(Canadian $)	1.9630	1.1479	0.6676	0.8397
Canary Is	(Sp Peseta)	184.25	107.749	62.67	78.8235
Cp. Verde	(CV Escudo)	131.6696	76.9997	44.7855	56.3292
Cayman Is	(CI $)	1.4056	0.8219	0.478	0 6013
CenCAfr. Rep	(CFA Fr)	500 375	292.617	170.196	214.064
Chad	(CFA Fr)	500.375	292.617	170.196	214.064
Chile	(Chilean Peso)	593.34	346.982	201.816	253 835
China	(Renminbi Yuan)	8.9484	5.2329	3.0436	3.8281
Colombia	(Col Peso)	1060.54	620.199	360.728	453.707
Comoros	(CFA Fr)	500 375	292.617	170 196	214.064
Congo (Brazz)	(CFA Fr)	500.375	292.617	170.196	214.064
Costa Rica	(Colon)	214.2278	125 279	72.8665	91.6482
Côte d'Ivoire	(CFA Fr)	500.375	292.617	170.196	214 064
Cuba	(Cuban Peso)	1.3489	0.7888	0.4588	0.577
Cyprus	(Cyprus £)	0.805	0.4707	0.2738	0.3443
Czechoslovakia	(Koruna)	51.46c	30.0935	17.5034	22.0149
		49.63k	29.0233	16.8809	21.232
Denmark	(Danish Kroner)	11.4025	6.6681	3.8784	4.878
Djibouti Rep	(Djib Fr)	299.00	174.854	101.701	127.914
Dominica	(E Carrib $)	4.5725	2.6739	1.5552	1.9561
Dominican Rep	(D Peso)	21.3889	12.5081	7.2751	9.1503
Ecuador	(Sucre)	1843.70o	1078.19	627.109	788.749
		1928.32a	1127.67	655.891	824.95
Egypt	(Egyptian £)	5.6200	3.2865	1.9115	2.4042
El Salvador	(Colon)	13.6579	7.987	4.6455	5.8429
Equat'l Guinea	(CFA Fr)	500.375	292.617	170.196	214.064
Ethiopia	(Ethiopian Birr)	3.4789	2.0344	1.1832	1.4882
Falkland Is	(Falk £)	1.00	0.5847	0.3401	0.4278
Faroe Is	(Danish Kroner)	11.4025	6.6681	3.8784	4 878
Fiji Is	(Fiji $)	2.5542	1.4936	0.8687	1.0927
Finland	(Markka)	7.0855	4.1435	2.41	3.0312
France	(Fr)	10.0075	5.8523	3.4039	4 2812
Fr. Cty/Africa	(CFA Fr)	500.375	292.617	170.196	214.064
Fr. Guiana	(Local Fr)	10.0075	5.8523	3.4039	4.2812
Fr. Pacific Is	(CFP Fr)	180.00	105.263	61.2244	77.0053
Gabon	(CFA Fr)	500.375	292.617	170.196	214.064
Gambia	(Dalasi)	15.1484	8.8587	5.1525	6.4805
Germany	(D-Mark)	2.9400	1.7192	1	1.2577
Ghana	(Cedi)	629 00	367.836	213.946	269.091
Gibraltar	(Gib £)	1.00	0.5847	0.3401	0.4278
Greece	(Drachma)	323 30	189 064	109 966	138.31
Greenland	(Danish Krone)	11 4025	6 6681	3.8784	4.878
Grenada	(E Carr $)	4 5725	2 6739	1.5552	1.9561
Guadaloupe	(Local Fr)	10.0075	5.8523	3.4039	4.2812
Guam	(US $)	1.7100	1	0.5816	0.7315
Guatemala	(Quetzal)	8.5432	4.996	2.9058	3 6548
Guinea	(Fr)	1049.97a	614.018	357.133	449.185
		508.05n	297 105	172.806	217.348
Guinea-Bissau	(Peso)	1100.775	643.728	374.413	470.92
Guyana	(Guyanese $)	215 0745	125.775	73 1545	92.0104
Haiti	(Gourde)	8 4675	5	2.8801	3.6224
Honduras	(Lempira)	9.0327	5.2822	3.0723	3.8642
Hong Kong	(HK $)	13.237	7.7409	4.5023	5.6628
Hungary	(Forint)	127.9358	74.8162	43.5155	54.7318
Iceland	(Icelandic Krona)	103.25	60.3801	35.119	44.1711
India	(Indian Rupee)	43.50	25 4385	14.7959	18.6096
Indonesia	(Rupiah)	3321.30	1942.28	1129.69	1420 88
Iran	(Rial)	112 00	65.497	38.0952	47.9144
Iraq	(Iraqi Dinar)	0.5936	0.3471	0.2019	0.2539
Irish Rep	(Punt)	1.1005	0.6435	0.3743	0.4708
Israel	(Shekel)	3.9670	2.3198	1.3493	1 6971
Italy	(Lira)	2200.75	1286.99	748.554	941.497
Jamaica	(Jamaican $)	16 97	9.9239	5.7721	7.2598
Japan	(Yen)	233.75	136.696	79.5068	100
Jordan	(Jordanian Dinar)	1.1493	0.6721	0.3909	0.4916
Kenya	(Kenya Shilling)	48.7897	28.5319	16.5951	20.8725
Kiribati	(Australian $)	2.1910	1.2812	0.7452	0.9373
Korea North	(Won)	1.6427	0.9606	0.5587	0.7027
Korea South	(Won)	1228.12	718.199	417.728	525.399
Kuwait	(Kuwaiti Dinar)	0.49730	0.2908	0.1691	0 2127
Laos	(New Kip)	1185.45	693.246	403.214	507.144
Lebanon	(Lebanese £)	1513.00	884 795	514.626	647.273
Lesotho	(Maluti)	4.8737	2.8501	1.6577	2.085
Liberia	(Liberian $)	1.7100	1	0.5816	0.7315
Libya	(Libyan Dinar)	0 4925	0.288	0.1675	0.2106
Liechtenstein	(Swiss Fr)	2.5625	1.4985	0.8715	1 0962
Luxembourg	(Lux Fr)	60 85	35.5847	20.6972	26.032
Macao	(Pataca)	13 5875	7.9459	4.6215	5 8128
Madagascar	(MG Fr)	2291.22	1339.89	779.327	980.201
Madeira	(Port Escudo)	252.00	147.368	85.7142	107.807
Malawi	(Kwacha)	4.8730	2.8497	1.6574	2.0847
Malaysia	(Ringgit)	4.7495	2.7774	1.6154	2.0318
Maldive Is	(Rufiya)	16.9858	9.9332	5.7774	7.2666
Mali Rep	(CFA Fr)	500.375	292.617	170.196	214.064
Malta	(Maltese £)	0.5640	0.3298	0.1918	0.2412
Martinique	(Local Fr)	10.0075	5.8523	3.4039	4.2812
Mauritania	(Ouguiya)	140 8992	82.3971	47.9248	60.2777
Mauritius	(Maur Rupee)	27.70	16.1988	9.4217	11.8502
Mexico	(Mexican Peso)	5135.19a	3003.04	1746.66	2196 87
		5124.87d	2997	1743.15	2192.46
Miquelon	(Local Fr)	10 0075	5.8523	3.4039	4 2812
Monaco	(French Fr)	10.0075	5.8523	3.4039	4.2812
Mongolia	(Tugrik)	5.6825	3.323	1.9328	2.431
Montserrat	(E Carr $)	4.5725	2.6739	1.5552	1.9561
Morocco	(Dirham)	15.05	8.8011	5.119	6.4385
Mozambique	(Metical)	2539.08	1484.84	863.633	1086.24
Namibia	(S A Rand)	4.8737	2 8501	1.6577	2.085
Nauru Is	(Australian $)	2.1910	1.2812	0.7452	0.9373
Nepal	(Nepalese Rupee)	72.3125	42.288	24.596	30.9358
Netherlands	(Guilder)	3.3150	1.9385	1.1275	1.4181
N'nd Antilles	(A/Guilder)	3.0314	1.7727	1.031	1.2968
New Zealand	(NZ $)	2.9707	1.7372	1.0104	1.2708
Nicaragua	(Gold Cordoba)	8.4675	4.9517	2.8801	3 6224
Niger Rep	(CFA Fr)	500.375	292.617	170.196	214.064
Nigeria	(Naira)	19.7801	11 5673	6.7279	8.462
Norway	(Nor. Krone)	11.5200	6.7368	3.9183	4.9283
Oman	(Rial Omani)	0.6512	0.3808	0 2214	0.2785
Pakistan	(Pak Rupee)	41.40	24 2105	14 0816	17 7112
Panama	(Balboa)	1.7100	1	0.5816	0 7315
Papua New Guinea	(Kina)	1 6315	0 954	0 5549	0 6979
Paraguay	(Guarani)	2242.35	1311 32	762 704	959 294
Peru	(New Sol)	1 3100	0 766	0 4455	0.5604
Philippines	(Peso)	45.00	26.3157	15 3061	19 2513
Pitcairn Is	(£ Sterling)	1.00	0 5847	0 3401	0 4278
	(NZ $)	2.9707	1 7372	1 0104	1 2708
Poland	(Zloty)	18938.00	11074.9	6441.5	8101.82
Portugal	(Escudo)	252 00	147 368	85 7142	107 807
Puerto Rico	(US $)	1.7100	1	0.5816	0.7315
Qatar	(Riyal)	6.1571	3.6006	2 0942	2 634
Reunion Is. de la	(F/Fr)	10 0075	5 8523	3.4039	4.2812
Romania	(Leu)	102.88	60 1637	34 9931	44 0128
Rwanda	(Fr)	209.45	122 485	71 2414	89 6042
St Christopher	(E Carr $)	4 5725	2 6739	1 5552	1 9561
St Helena	(£)	1 00	0 5847	0 3401	0 4278
St Lucia	(E Carr $)	4.5725	2.6739	1.5552	1.9561
St Pierre	(French Fr)	10.0075	5 8523	3.4039	4 2812
St Vincent	(E Carr $)	4.5725	2 6739	1 5552	1.9561
San Marino	(Italian Lira)	2200.75	1286 99	748.554	941 497
Sao Tome	(Dobra)	316.6845	185 196	107 716	135 48
Saudi Arabia	(Riyal)	6.3439	3 7098	2 1577	2 7139
Senegal	(CFA Fr)	500.375	292 617	170 196	214 064
Seychelles	(Rupee)	9.1000	5.3216	3 0952	3 893
Sierra Leone	(Leone)	497.60	290.994	169.252	212 877
Singapore	($)	2.9550	1.728	1.0051	1 2641
Solomon Is	($)	4.6730	2 7327	1 5894	1 9991
Somali Rep	(Shilling)	4436.97	2594.72	1509.17	1898.17
South Africa	(Rand)	4.8737c	2.8501	1 6577	2 085
		5.5560g	3.2491	1 8897	2 3768
Spain	(Peseta)	184.25	107.749	62.67	78 8235
Spanish Ports in N Africa	(Sp Peseta)	184.25	107.749	62 67	78 8235
Sri Lanka	(Rupee)	69.00	40 3508	23 4693	29 5187
Sudan Rep	(£)	7 6208o	4 4566	2.5921	3 2602
		19.390og	11.3395	6.5954	8 2954
Surinam	(Guilder)	3 0229	1.7677	1.0281	1 2932
Swaziland	(Lilangeni)	4.8737	2.8501	1.6577	2.085
Sweden	(Krona)	10.7100	6.2631	3 6428	4 5818
Switzerland	(Fr)	2 5625	1.4985	0 8715	1 0962
Syria	(£)	35.5635	20.7973	12 0964	15 2143
Taiwan	($)	45.85	26.8128	15 5952	19.6149
Tanzania	(Shilling)	387 3581	226 525	131 754	165 715
Thailand	(Baht)	41.20	24.0935	14.0136	17.6256
Togo Rep	(CFA Fr)	500.375	292 617	170 196	214.064
Tonga Is	(Pa Anga)	2 1910	1 2812	0.7452	0.9373
Trinidad/Tobago	($)	7 1974	4.209	2 448	3 0791
Tunisia	(Dinar)	1.6324	0.9546	0 5552	0.6983
Turkey	(Lira)	7436.88	4349.05	2529 55	3181 55
Turks & Caicos	(US $)	1.7100	1	0.5816	0 7315
Tuvalu	(Australian $)	2.1910	1.2812	0 7452	0 9373
Uganda	(New Shilling)	1367.2980	799.589	465.067	584 94
U A E	(Dirham)	6.2120	3.6327	2 1129	2 6575
United Kingdom	(£)	1.00	0.5847	0 3401	0 4278
United States	(US $)	1 7100	1	0.5816	0 7315
Uruguay	(Peso)	3779 13	2210.02	1285 42	1616 74
USSR	(Rouble)	1.0034o	0 5867	0 3412	0.4292
		3.0120c	1.7614	1.0244	1 2885
Vanuatu	(Vatu)	188 50	110.234	64 1156	80 6417
Vatican	(Lira)	2200.75	1286.99	748.554	941 497
Venezuela	(Bolivar)	93.4341	54.6398	31 7803	39 9718
Vietnam	(Dong)	14987.475	8764 61	5097 78	6411.75
Virgin Is-British	(US $)	1.7100	1	0.5816	0 7315
Virgin Is-US	(US $)	1.7100	1	0.5816	0.7315
Western Samoa	(Tala)	4 0178	2.3495	1 3665	1 7188
Yemen	(Rial)	20.4914	11.9832	6.9698	8.7663
Yemen PDR	(Dinar)	0.7638	0 4466	0 2597	0 3267
Yugoslavia	(Dinar)	38 2562	22.372	13 0123	16 3662
Zaire Rep	(Zaire)	7568.00	4425.73	2574 15	3237 65
Zambia	(Kwacha)	113.4645	66.3535	38 5933	48.5409
Zimbabwe	($)	5.9273	3.4662	2.016	2 5357

Special Drawing Rights August 2, 1991 United Kingdom £0.797328 United States $1.32795 Germany D Mark 2.34423 Japan Yen182.593
European Currency Unit Rates August 5, 1991 United Kingdom £0.698346 United States $1.18209 Germany D Mark 2.05128 Japan Yen162.183

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate. (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday 5 August, 1991

NOTICE OF MEETING

To the holders of the outstanding
¥3,000,000,000
8.5 per cent. Nikkei-Linked Notes due 1992
of
Österreichische Länderbank Aktiengesellschaft

NOTICE IS HEREBY GIVEN, in accordance with the provisions of an agency agreement dated 30th September, 1988 as supplemented by a letter of agreement dated 20th November, 1990 (together the "Agency Agreement") and made between Österreichische Länderbank Aktiengesellschaft (the "Bank") and Bankers Trust Company wherein Bankers Trust Company was appointed as fiscal agent and principal paying agent (the "Agent") relating to the above-mentioned Notes (the "Notes"), that a meeting (the "Meeting") of the holders of the Notes (the "Noteholders") is convened by the Bank and will be held on Wednesday, 28th August, 1991 at 3 45 p.m. London time at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN for the purpose of considering and, if thought fit, passing the Extraordinary Resolution set out below (the "Resolution") which will be proposed in accordance with the provisions of the Agency Agreement.

The Resolution is being proposed to Noteholders by the Bank as a result of the impending merger (the "Merger") of the Bank with Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien ("Z-Bank") which is expected to take effect on or about 7th October, 1991 (the "Merger Date") when under the terms of the proposed merger and pursuant to the relevant provisions of Austrian law, all the assets and liabilities of the Bank will automatically pass to Z-Bank. Accordingly, upon the Merger Date, Z-Bank will assume all the obligations of the Bank under the terms and conditions of the Notes (the "Conditions") and the Bank will cease to exist, effective as at 1st January, 1991.

Details of the background to, and the reasons for, the proposed Resolution are contained in an Explanatory Memorandum prepared for Noteholders by the Bank dated 6th August, 1991 copies of which are available as indicated below.

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the ¥3,000,000,000 8.5 per cent. Nikkei-Linked Notes due 1991 (the "Notes") of Österreichische Länderbank Aktiengesellschaft (the "Bank"), issued pursuant to an agency agreement dated 30th September, 1988 and a letter of agreement dated 20th November, 1990 (together the "Agency Agreement") made between the Bank and Bankers Trust Company wherein Bankers Trust Company was appointed as fiscal agent and principal paying agent, HEREBY:-

A approves:
 (i) a merger ("the Merger") between the Bank and Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien ("Z-Bank") for the purposes of Condition 7(e) of the terms and conditions of the Notes; and
 (ii) the assumption by Z-Bank of the rights and obligations of the Bank in respect of the Notes and the dissolution of the Bank to the intent that from and after the time when the Merger becomes effective the Notes and the Agency Agreement shall be read and construed as if Z-Bank had been at all times a party thereto in place of the Bank;

B sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Noteholders and holders of the Coupons appertaining to the Notes against the Bank involved in or resulting from the passing of this Extraordinary Resolution or the Merger; and

C authorises the parties to the Agency Agreement and Z-Bank to execute such further documents and do all such other acts and things, in each case as may be necessary to carry out and give effect to this Extraordinary Resolution."

VOTING AND QUORUM

1 A Noteholder who wishes to attend and vote at the Meeting in person must produce at the Meeting either the Notes, or a valid voting certificate (or valid voting certificates) relating to the Notes, in respect of which he wishes to vote. Voting certificates are issued by the Agent.

2 A Noteholder who does not wish to attend the Meeting in person, but who does wish votes to be cast at the Meeting in respect of the Notes which he holds, may either:
 (a) deliver his Notes or voting certificate(s) to a person whom he wishes to attend and vote at the Meeting on his behalf; or
 (b) by means of a block voting instruction, instruct the Agent to appoint a proxy to attend the Meeting and to vote at the Meeting in accordance with his wishes.

3 In order to obtain voting certificates (as referred to in paragraph 1 above) or to give voting instructions through the Agent (as referred to in paragraph 2(b) above), a Noteholder must deposit (at any time until 48 hours before the time appointed for the holding of the Meeting or, if appropriate, any adjourned Meeting, but not thereafter) his Notes with the Agent or (to the satisfaction of the Agent) to the Agent's order or (if relevant) under its control at Euroclear or CEDEL. Notes so deposited or held will be released at the conclusion of the Meeting (or, if relevant, adjourned Meeting), or upon surrender of the voting certificate(s) or, being not less than 48 hours before the time for which the Meeting (or, if relevant, the adjourned Meeting) is convened, the voting instruction receipt(s) issued in respect thereof to the Agent and the notification of such surrender by the Agent to the Bank.

4 The Resolution can only be passed at a Meeting (or adjourned Meeting) at which the requisite quorum is present. For there to be a quorum at the Meeting there must be two or more persons present in person at the Meeting holding Notes or voting certificates or being proxies and holding or representing in the aggregate a clear majority in principal amount of the Notes for the time being outstanding.

5 If within half an hour from the time appointed for the holding of the Meeting a quorum is not present at the Meeting, the Meeting will be adjourned and the Resolution will be considered at an adjourned Meeting of which at least a further ten days' notice will be given to Noteholders. The quorum required at an adjourned Meeting in relation to the Resolution is two or more persons present in person holding Notes or voting certificates or being proxies, whatever the principal amount of the Notes so held or represented.

6 The Resolution and every question submitted to the Meeting or the adjourned Meeting will be decided by a show of hands unless a poll is duly demanded by the Chairman of the Meeting, by the Bank or by one or more persons holding one or more Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fiftieth of the principal amount of the Notes then outstanding. On a show of hands every person who is so present in person and produces a Note or voting certificate or is a proxy shall have one vote and on a poll every person who is so present shall have one vote in respect of each ¥10,000,000 principal amount of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On a show of hands a declaration by the Chairman of the Meeting that a resolution has been carried by the requisite majority is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

7 To be passed, the Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting thereon upon a show of hands or, if a poll is demanded, by a majority consisting of not less than three-quarters of the votes given on such poll.

8 If passed, the Resolution will be binding upon all the Noteholders, whether they were present at the Meeting or not, and upon all holders of the coupons appertaining to the Notes.

AVAILABILITY OF DOCUMENTS

Copies of the Explanatory Memorandum may be inspected and obtained, and the Agency Agreement referred to above may be inspected, by Noteholders at or from (as the case may be) the specified office of the Agent set out below.

AGENT

The Agent (and the specified office of the Agent) referred to in this Notice is:-

The Fiscal Agent and Principal Paying Agent
Bankers Trust Company,
1 Appold Street,
Broadgate,
London EC2A 2HE

This notice is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult your professional adviser. This notice has been issued by Österreichische Länderbank Aktiengesellschaft and approved by Österreichische Länderbank Aktiengesellschaft (London Branch), a member of The Securities and Futures Authority Limited.

Dated: 6th August, 1991

NOTICE OF MEETING

To the holders of the outstanding
Yen 5,000,000,000
7½ per cent. Nikkei-Linked Notes due 1993
of
Österreichische Länderbank Aktiengesellschaft

NOTICE IS HEREBY GIVEN, in accordance with the provisions of the fiscal agency agreement dated 9th February, 1989 (the "Agency Agreement") and made between Österreichische Länderbank Aktiengesellschaft (the "Bank"), The Chase Manhattan Bank N.A. as fiscal agent and principal paying agent (the "Fiscal Agent") and the agents named therein (together with the Fiscal Agent, the "Agents") relating to the above-mentioned Notes (the "Notes"), that a meeting (the "Meeting") of the holders of the Notes (the "Noteholders") is convened by the Bank and will be held on Wednesday, 28th August, 1991 at 1.30 p.m. London time at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN for the purpose of considering and, if thought fit, passing the Extraordinary Resolution set out below (the "Resolution") which will be proposed in accordance with the provisions of the Agency Agreement.

The Resolution is being proposed to Noteholders by the Bank as a result of the impending merger (the "Merger") of the Bank with Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien ("Z-Bank") which is expected to take effect on or about 7th October, 1991 (the "Merger Date") when under the terms of the proposed merger and pursuant to the relevant provisions of Austrian law, all the assets and liabilities of the Bank will automatically pass to Z-Bank. Accordingly, upon the Merger Date, Z-Bank will assume all the obligations of the Bank under the terms and conditions of the Notes (the "Conditions") and the Bank will cease to exist, effective as at 1st January, 1991.

Details of the background to, and the reasons for, the proposed Resolution are contained in an Explanatory Memorandum prepared for Noteholders by the Bank dated 6th August, 1991 copies of which are available as indicated below.

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the Yen 5,000,000,000 7½ per cent. Nikkei-Linked Notes due 1993 (the "Notes") of Österreichische Länderbank Aktiengesellschaft (the "Bank"), issued pursuant to a fiscal agency agreement (the "Agency Agreement") dated 9th February, 1989 made between the Bank, The Chase Manhattan Bank N.A. as fiscal agent and principal paying agent and the agents named therein, HEREBY:–

A approves:
 (i) a merger ("the Merger") between the Bank and Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien ("Z-Bank") for the purposes of Condition 8(a) of the terms and conditions of the Notes; and
 (ii) the assumption by Z-Bank of the rights and obligations of the Bank in respect of the Notes and the dissolution of the Bank to the intent that from and after the time when the Merger becomes effective the Notes and the Agency Agreement shall be read and construed as if Z-Bank had been at all times a party thereto in place of the Bank;

B sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Noteholders and holders of the Coupons appertaining to the Notes against the Bank involved in or resulting from the passing of this Extraordinary Resolution or the Merger; and

C authorises the parties to the Agency Agreement and Z-Bank to execute such further documents and do all such other acts and things, in each case as may be necessary to carry out and give effect to this Extraordinary Resolution."

VOTING AND QUORUM

1 A Noteholder who wishes to attend and vote at the Meeting in person must produce at the Meeting either the Notes, or a valid voting certificate (or valid voting certificates) relating to the Notes, in respect of which he wishes to vote. Voting certificates are issued by each of the Agents.

2 A Noteholder who does not wish to attend the Meeting in person, but who does wish votes to be cast at the Meeting in respect of the Notes which he holds, may either:
 (a) deliver his Notes or voting certificate(s) to a person whom he wishes to attend and vote at the Meeting on his behalf; or
 (b) by means of a block voting instruction, instruct an Agent to appoint a proxy to attend the Meeting and to vote at the Meeting in accordance with his wishes.

3 In order to obtain voting certificates (as referred to in paragraph 1 above) or to give voting instructions through an Agent (as referred to in paragraph 2(b) above), a Noteholder must deposit (at any time until 48 hours before the time appointed for the holding of the Meeting or, if appropriate, any adjourned Meeting, but not thereafter) his Notes with an Agent or (to the satisfaction of such Agent) to such Agent's order or (if relevant) under its control at Euroclear or CEDEL. Notes so deposited or held will be released at the conclusion of the Meeting (or, if relevant, adjourned Meeting), or upon surrender of the voting certificate(s) or, being not less than 48 hours before the time for which the Meeting (or, if relevant, the adjourned Meeting) is convened, the voting instruction receipt(s) issued in respect thereof to the Agent and the notification of such surrender by such Agent to the Bank.

4 The Resolution can only be passed at a Meeting (or adjourned Meeting) at which the requisite quorum is present. For there to be a quorum at the Meeting there must be two or more persons present in person at the Meeting holding Notes or voting certificates or being proxies and holding or representing in the aggregate fifty per cent. in principal amount of the Notes for the time being outstanding.

5 If within half an hour from the time appointed for the holding of the Meeting a quorum is not present at the Meeting, the Meeting will be adjourned and the Resolution will be considered at an adjourned Meeting of which at least a further ten days' notice will be given to Noteholders. The quorum required at an adjourned Meeting in relation to the Resolution is two or more persons present in person holding Notes or voting certificates or being proxies, whatever the principal amount of the Notes so held or represented.

6 The Resolution and every question submitted to the Meeting or the adjourned Meeting will be decided by a show of hands unless a poll is duly demanded by the Chairman of the Meeting, by the Bank or by one or more persons holding one or more Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fiftieth of the principal amount of the Notes then outstanding. On a show of hands every person who is so present in person and produces a Note or voting certificate or is a proxy shall have one vote and on a poll every person who is so present shall have one vote in respect of each Yen 100,000,000 principal amount of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On a show of hands a declaration by the Chairman of the Meeting that a resolution has been carried by the requisite majority is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

7 To be passed, the Resolution requires a majority in favour consisting of not less than two-thirds of the persons voting thereon upon a show of hands or, if a poll is demanded, by a majority consisting of not less than two-thirds of the votes given on such poll.

8 If passed, the Resolution will be binding upon all the Noteholders, whether they were present at the Meeting or not, and upon all holders of the coupons appertaining to the Notes.

AVAILABILITY OF DOCUMENTS

Copies of the Explanatory Memorandum may be inspected and obtained, and the Agency Agreement may be inspected, by Noteholders at or from (as the case may be) the specified office of the Agents set out below.

AGENTS

The Agents (and the specified office of each Agent) referred to in this Notice are:-

The Fiscal Agent and Principal Paying Agent
The Chase Manhattan Bank N.A.
Woolgate House,
Coleman Street,
London EC2P 2HD

Paying Agents

Banque Bruxelles Lambert S.A., 24 Avenue Marnix, B-1050 Brussels

Chase Manhattan Bank Luxembourg S.A., 5 Rue Plaetis, L-2338, Luxembourg-Grund

Chase Manhattan Bank (Suisse) S.A., 63 Rue du Rhône, CH-1204 Geneva

This notice is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult your professional adviser. This notice has been issued by Österreichische Länderbank Aktiengesellschaft and approved by Österreichische Länderbank Aktiengesellschaft (London Branch), a member of The Securities and Futures Authority Limited.

Dated: 6th August, 1991

NOTICE OF MEETING

To the holders of the outstanding
Yen 60,000,000,000
5.35 per cent. Notes due 1999
of
Österreichische Länderbank Aktiengesellschaft

NOTICE IS HEREBY GIVEN, in accordance with the provisions of the fiscal agency agreement dated 23rd March, 1989 (the "Agency Agreement") and made between Österreichische Länderbank Aktiengesellschaft (the "Bank"), The Chase Manhattan Bank, N.A. as fiscal agent and principal paying agent (the "Fiscal Agent") and the paying agents named therein (together with the Fiscal Agent, the "Agents") relating to the above-mentioned Notes (the "Notes"), that a meeting (the "Meeting") of the holders of the Notes (the "Noteholders") is convened by the Bank and will be held on Wednesday, 28th August, 1991 at 2.00 p.m. London time at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN for the purpose of considering and, if thought fit, passing the Extraordinary Resolution set out below (the "Resolution") which will be proposed in accordance with the provisions of the Agency Agreement.

The Resolution is being proposed to Noteholders by the Bank as a result of the impending merger (the "Merger") of the Bank with Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien ("Z-Bank") which is expected to take effect on or about 7th October, 1991 (the "Merger Date") when under the terms of the proposed merger and pursuant to the relevant provisions of Austrian law, all the assets and liabilities of the Bank will automatically pass to Z-Bank. Accordingly, upon the Merger Date, Z-Bank will assume all the obligations of the Bank under the terms and conditions of the Notes (the "Conditions") and the Bank will cease to exist, effective as at 1st January, 1991.

Details of the background to, and the reasons for, the proposed Resolution are contained in an Explanatory Memorandum prepared for Noteholders by the Bank dated 6th August, 1991 copies of which are available as indicated below.

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the Yen 60,000,000,000 5.35 per cent. Notes due 1999 (the "Notes") of Österreichische Länderbank Aktiengesellschaft (the "Bank"), issued pursuant to a fiscal agency agreement (the "Agency Agreement") dated 23rd March, 1989 made between the Bank, The Chase Manhattan Bank, N.A. as fiscal agent and principal paying agent and Banque Bruxelles Lambert S.A., Chase Manhattan Bank Luxembourg S.A. and Chase Manhattan Bank (Switzerland) as paying agents, HEREBY:-

A approves:
 (i) a merger ("the Merger") between the Bank and Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien ("Z-Bank") for the purposes of Condition 8(e) of the terms and conditions of the Notes; and
 (ii) the assumption by Z-Bank of the rights and obligations of the Bank in respect of the Notes and the dissolution of the Bank to the intent that from and after the time when the Merger becomes effective the Notes and the Agency Agreement shall be read and construed as if Z-Bank had been at all times a party thereto in place of the Bank;

B sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Noteholders and holders of the Coupons appertaining to the Notes against the Bank involved in or resulting from the passing of this Extraordinary Resolution or the Merger; and

C authorises the parties to the Agency Agreement and Z-Bank to execute such further documents and do all such other acts and things, in each case as may be necessary to carry out and give effect to this Extraordinary Resolution."

VOTING AND QUORUM

1 A Noteholder who wishes to attend and vote at the Meeting in person must produce at the Meeting either the Notes, or a valid voting certificate (or valid voting certificates) relating to the Notes, in respect of which he wishes to vote. Voting certificates are issued by each of the Agents.

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 (a) deliver his Notes or voting certificate(s) to a person whom he wishes to attend and vote at the Meeting on his behalf; or
 (b) by means of a block voting instruction, instruct an Agent to appoint a proxy to attend the Meeting and to vote at the Meeting in accordance with his wishes.

3 In order to obtain voting certificates (as referred to in paragraph 1 above) or to give voting instructions through an Agent (as referred to in paragraph 2(b) above), a Noteholder must deposit (at any time until 48 hours before the time appointed for the holding of the Meeting or, if appropriate, any adjourned Meeting, but not thereafter) his Notes with an Agent or (to the satisfaction of such Agent) to such Agent's order or (if relevant) under its control at Euroclear or CEDEL. Notes so deposited or held will be released at the conclusion of the Meeting (or, if relevant, adjourned Meeting), or upon surrender of the voting certificate(s) or, being not less than 72 hours before the time for which the Meeting (or, if relevant, the adjourned Meeting) is convened, the voting instruction receipt(s) issued in respect thereof to the Agent and the notification of such surrender by such Agent to the Bank.

4 The Resolution can only be passed at a Meeting (or adjourned Meeting) at which the requisite quorum is present. For there to be a quorum at the Meeting there must be two or more persons present in person at the Meeting holding Notes or voting certificates or being proxies and holding or representing in the aggregate fifty per cent. in principal amount of the Notes for the time being outstanding.

5 If within half an hour from the time appointed for the holding of the Meeting a quorum is not present at the Meeting, the Meeting will be adjourned and the Resolution will be considered at an adjourned Meeting of which at least a further ten days' notice will be given to Noteholders. The quorum required at an adjourned Meeting in relation to the Resolution is two or more persons present in person holding Notes or voting certificates or being proxies, whatever the principal amount of the Notes so held or represented.

6 The Resolution and every question submitted to the Meeting or the adjourned Meeting will be decided by a show of hands unless a poll is duly demanded by the Chairman of the Meeting, by the Bank or by one or more persons holding one or more Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fiftieth of the principal amount of the Notes then outstanding. On a show of hands every person who is so present in person and produces a Note or voting certificate or is a proxy shall have one vote and on a poll every person who is so present shall have one vote in respect of each Yen 100,000,000 principal amount of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On a show of hands a declaration by the Chairman of the Meeting that a resolution has been carried by the requisite majority is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

7 To be passed, the Resolution requires a majority in favour consisting of not less than two-thirds of the persons voting thereon upon a show of hands or, if a poll is demanded, by a majority consisting of not less than two-thirds of the votes given on such poll.

8 If passed, the Resolution will be binding upon all the Noteholders, whether they were present at the Meeting or not, and upon all holders of the coupons appertaining to the Notes.

AVAILABILITY OF DOCUMENTS

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Woolgate House,
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Dated: 6th August, 1991

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS ON THE INTERNATIONAL STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON TUESDAY, 6TH AUGUST 1991.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 5th August 1991, and has issued to the Bank, additional amounts as indicated of each of the Stocks listed below:

£150 million 10¼ per cent EXCHEQUER STOCK, 1995
£150 million 10¼ per cent CONVERSION STOCK, 1999
£150 million 8½ per cent TREASURY LOAN, 2007

The price paid by the Bank on issue was in each case the middle market price of the relevant Stock at 3.30 p.m. on 5th August 1991 as certified by the Government Broker.

In each case, the amount issued on 5th August 1991 represents a further tranche of the relevant Stock, ranking in all respects *pari passu* with that Stock and subject to the terms and conditions applicable to that Stock, and subject also to the provision contained in the final paragraph of this notice; the current provisions for Capital Gains Tax are described below.

Application has been made to the Council of The International Stock Exchange for each further tranche of stock to be admitted to the Official List.

Copies of the prospectuses for 10¼ per cent Exchequer Stock, 1995 dated 9th January 1978, 2½ per cent Index-Linked Treasury Convertible Stock, 1999 dated 28th April 1983 (which contained the terms of issue of 10¼ per cent Conversion Stock, 1999) and 8½ per cent Treasury Loan, 2007 dated 11th July 1986 may be obtained from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW.

The Stocks are repayable at par, and interest is payable half-yearly, *on the dates shown below*:

Stock	*Redemption date*	*Interest payment dates*
10¼ per cent Exchequer Stock, 1995	21st July 1995	21st January 21st July
10¼ per cent Conversion Stock, 1999	22nd November 1999	22nd May 22nd November
8½ per cent Treasury Loan, 2007	16th July 2007	16th January 16th July

The further tranches of stock will rank for a full six months' interest due on the next interest payment date applicable to the relevant Stock.

Each of the Stocks referred to in this notice is specified under paragraph 1 of Schedule 2 to the Capital Gains Tax Act 1979 as a gilt-edged security (under current legislation exempt from tax on capital gains, irrespective of the period for which the Stock is held).

Government Statement
Attention is drawn to the statement issued by Her Majesty's *Treasury on 29th May 1985 which explained that, in the interest of* the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON

5th August 1991

European side cushions decline in TDG profit

By Michiyo Nakamoto

RECESSIONARY pressures in almost all of its markets depressed first half results at Transport Development Group, the UK's second largest transport concern.

Pre-tax profits for the six months to June 30 fell 7 per cent to £16.5m, from the previous £17.8m, because of the decline in volume brought on by weak economic conditions worldwide.

Turnover was down to £292.92m (£293.95m). The greatest decline in activity came in the US, where turnover fell to £23.5m (£35.7m).

The group sold two loss-making businesses there in June and the remaining US business reported a loss – £436,000 (profit £379,000) – for the first time in 10 years. The losses arising from the two sales have already been charged to provisions made last year.

In Australia, the severe recession resulted in a decline in all of the group's activities, and profit slid to £408,000 (£1.51m).

European operations, including the UK, which was the group's main market, were slightly more resilient, with turnover rising to £244.3m (£234.7m).

Activity in the UK, however, was sluggish and sales were down to £160.9m (£162.3m).

The higher European turnover, stemming mainly from strong activity in the Netherlands, took operating profits from European businesses up 3 per cent to £18.89m (£18.37m).

Earnings per share declined to 7.46p (8.09p). The interim dividend, however, is maintained at 3p.

With the UK reorganisation now completed, the group was well placed to take advantage of any economic upturn, said Sir James Duncan, chairman.

It had a heathy financial position with gearing at 24 per cent on shareholders funds of £268.53m, and net interest more than eight times covered by profits.

However, while the seasonal pick-up in business towards the end of the year was expected to boost second half results, Sir Duncan did not see the recession in the UK coming to an end just yet.

"We're not going into higher gear unless the economy goes into higher gear," he warned.

● COMMENT

The well-publicised plight of transport companies in the ongoing recession makes TDG's 7 per cent profits decline look respectable. There are perhaps some grounds for grumbling about a maintained dividend when hopes for better times had been raised by the group's restructuring programme. But given its resilience during what has been perhaps the worst of the UK recession, prospects in the months ahead look better rather than worse. A strong balance sheet and the 18.5 per cent stake held by Proventus, a Swedish investment company, are added attractions. Although forecast full year profits of £40m place the shares on a multiple of 13, the slight premium to the market is probably justified by the group's status as an early cycle recovery stock and the Proventus stake.

Fresh strategy planned at NHL

By David Barchard

NATIONAL HOME Loans, the mortgage finance specialist, yesterday confirmed that a wide-ranging review of its future strategy was under way. But it dismissed claims that it was retreating from the mortgage market and shrinking into a mortgage administration company.

In the City, the belief is growing that NHL is looking for a partner to enable it to carry on some of its existing business on a joint venture basis. Possible partners include building societies, insurance companies, or foreign banks.

Ten days ago, the main UK clearing banks agreed to put up £200m in cash liquidity assistance for the group's small banking subsidiary after local authorities withdrew deposits in the wake of the BCCI collapse.

The bank problem came after a year in which NHL's mainstream business had been hit hard by the recession. James Capel, the stockbroker, is forecasting profits this year of about £8m, down from £30.2m last year, with bad debt provisions of £39.5m, up from £7.3m a year ago.

This week, the company announced it was transferring £125m of residential mortgages, for which it has made offers but which have not yet been completed, to Yorkshire Building Society. The deal is the latest in a series of moves by NHL to reduce the size of its lending book.

"Potential customers who are currently holding a mortgage offer with National Home Loans, where we haven't received a request for funds, may receive a new offer with Yorkshire Building Society on similar terms, but the mortgage will be branded Yorkshire," said Mr John Heron, National Home Loans director for sales and marketing.

Mr Heron declined to say whether a further £175m in mortgage funding may also be transferred to Yorkshire. He said the deal was a precautionary move following recent unfavourable press coverage.

"It is not unique. We have had similar arrangements going back three or four years with Barclays Direct Mortgage Services," Mr Heron said.

The agreement with Yorkshire should benefit customers affected by it. Yorkshire's mortgage interest rate of 11.95 per cent is below the 12.15 per cent which NHL will charge from September 1.

Mr Chris Smith, an analyst at James Capel, said yesterday that the stock market had not fully appreciated the changes going on at NHL. "You've now got a company which is producing fee income and a bit of interest income on the securitised packages.

"I reckon it has securitised £420m of mortgages since March, including £60m last week. On that basis, you have got to look at the company on a very different basis."

Mr Heron yesterday declined to give any details of the possible new strategies which NHL was planning to adopt, but indicated that the company was working to change direction.

Liquidation of Arrows hits Trade Indemnity

By Richard Gourlay

TRADE INDEMNITY, the trade credit insurer already battered by the recession, is facing potential losses of between £3m and £4m from Arrows Limited, the private trade finance company which went into liquidation last week owing banks £125m.

Trade has guaranteed about £5m of loans to Arrows made by NMB Postbank of the Netherlands, one of the group's largest creditors with an unsecured exposure of £25m, according to the Dutch bank.

Trade, which patched up its capital in May with a £39m rights issue, said yesterday that its only large exposure to Arrow related to this guarantee.

The potential losses for the company and its shareholders, which include insurers Swiss Re, Guardian Royal Exchange and Royal Insurance, are relatively small compared to what faces Arrows' clients.

Last week's court decision to place the Manchester-based private company into liquidation is likely to deprive hundreds of medium-sized companies of a unique form of short-term finance at a time when they are being squeezed by the high street banks.

Mr Mohammed Naviede, Arrows' founder and majority shareholder, was made the subject of an injunction which freezes his assets backed by the surrender of his passport.

Mr Naviede's nine-year old group had developed a niche of financing the stock of companies at times of peak working capital needs when overdraft facilities had been stretched to the full. Arrows would buy a company's stocks and immediately sell it back giving the company 90 days credit.

NMB said that it had called in the liquidators after discovering that Arrows was not in fact in the business of trade finance but had been involved in property transactions.

Other bankers said they thought this had been going on for more than a year.

The court also ordered 86 single purpose Arrows companies to be placed in receivership. Ernst & Young have been appointed provisional liquidators for Arrows.

The Federation of Small Businesses said yesterday that the Arrows failure compounded the problem of small companies at a time of serious cash flow problems when banks were abandoning businesses fast.

Arrows ran the young Company of the Year award, won by Mr Richard Branson's Virgin Atlantic Airways in 1989, in conjunction with Barnardos, the UK's largest childrens' charity.

Finalists were taken by specially chartered Concorde to the south of France for the presentation of the award.

Barnardos said yesterday Arrows had made a £25,000 contribution to the charity in each of the last two years and that Mr Naviede had made further substantial contributions on his own account.

Making waves on the south coast

Ian Hamilton Fazey considers the battle for Southern Newspapers

IN THE corporate jungle, Southern Newspapers is like a wounded animal – weak, vulnerable and ready to be attacked by predators. Four are closing in, waiting for a signal from the Monopolies and Mergers Commission which will allow them to pounce.

Why Southern is backed up against the sea in its Southampton fastness is explained by Mr *Eric de Belaigue*, publishing industry analyst at Panmure Gordon, the stockbroker.

"It has strong local franchises with respected titles, but the company has made a mess of its diversification programme. Profits have collapsed, a new management is trying to get to grips with a difficult situation in the middle of a recession, and there are a lot of disaffected shareholders."

The impending scrap was signalled early last month when Trinity International said it would make a hostile bid.

With its headquarters in Chester, Trinity publishes the Liverpool Echo, Daily Post and a large stable of weeklies throughout Merseyside and North Wales.

Trinity has had talks with Southern about an amicable takeover, but so have Westminster Press, the provincial publishing arm of Pearson, owner of the Financial Times, and Reed International, another large provincial publisher.

Mr David Snedden, Trinity's chief executive, felt Southern's board was prevaricating. With Southern's 3,000 shareholders facing a possibly disastrous result for the year to June 30 and unable to sell easily because shares are traded on a matched bargain basis, he decided to force the issue.

This is not how things have been done for some time in British provincial newspaper publishing, a mature and rarely excitable industry in which social and market changes have over the decades contributed to a generally comfortable corporate life.

In less than 20 years after the Second World War, television, population drift, and rising costs left each city and town that was big enough with just one evening newspaper. This provided a local monopoly in retail display and classified advertising.

Some big cities such as Leeds, Birmingham, Liverpool and Newcastle ran regional morning papers on the back of them, in most cases at a loss. The market in smaller or more scattered communities was serviced by weeklies or sometimes bi-weeklies.

If times got a little harder, or management *failed*, or the descendants of long-dead founders started looking for an exit route, sale to acquisitive regional groups such as Thomson, Westminster, United or Northcliffe was quietly agreed. If there was an auction, it was discreet.

This comfortable situation is being threatened because there are now fewer plums around at a time when most provincial publishers are much better off.

They were disturbed for a while in the 1980s by a flurry of competition from freesheets – mostly published by small entrepreneurs fleeing the big-newspaper advertising departments which trained them. But the big companies have now swatted most of these nuisances by buying nearly all of them.

Local monopolies mean that even in recession, most have always had good cash flow. In the last decade, new technology enabled workforces to be slashed and production costs reduced.

In Westminster's case, for example, labour represented 42 per cent of costs last year, compared with 55 per cent six years ago.

Trinity – faced with the militancy of Liverpool labour and an economically strapped local market – spread its risks through papermaking and packaging in the UK and buying profitable local weeklies in Canada and the US over a 25 year period.

These factors help explain why Trinity has grown confident enough to break the industry's cosy mould and declare war.

The announcement forced the hands of Westminster, Reed and then Emap, , which is in regional publishing, national magazines and, recently, local radio.

As is required under UK law, to prevent over-concentration of newspaper ownership and unsuitable people becoming proprietors, each predator has asked Mr Peter Lilley, the trade and industry secretary, to approve its potential ownership of Southern.

It is difficult to see how any of the four can be blocked, though all have reserved the right not to bid, presumably in case the price starts looking silly.

Mr Hew Stevenson, head of Westminster, said: "We have been talking seriously to Southern since 1988. We were stunned when the Trinity announcement was made.

"We then had to act because we did not want to find ourselves in the position where Trinity had been cleared by the MMC and we had not." He added Westminster wanted to persuade the board of Southern to recommend its bid.

Mr Snedden considered a direct appeal to shareholders would have a better chance of success. He hoped they would be thoroughly disgruntled by the time the MMC let anyone attack, since Southern's results should be out by then.

Mr de Belaigue said City expectations were that Southern would be lucky to report much better than £4m, less than a third of the £15.1m for 1989-90.

However, the comparable figure was boosted by the sale of £5.5m of Reuters shares. Its 1988-89 figure of £10.5m included £2.1m from the sale of Reuters shares, without which it would have below the £8.6m of 1987-89.

The unfolding disaster has been caused mainly by Southern's diversification into property development, particularly as the largest shareholder in *Leading Leisure*, which is now in receivership.

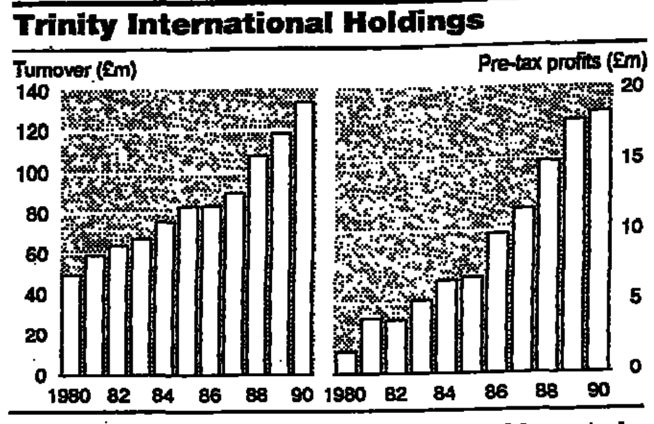
Mr de Belaigue believes the basic daily and weekly papers business should provide an underlying profit base of about £10m a year, once the recession is over and advertising volume returns. Its titles include the Southern Evening Echo, Salisbury Times, Basingstoke Gazette and Somerset County Gazette.

A realistic multiple, given the long-term potential of the regional economy, is unlikely to be less than 7, making £70m.

This is almost twice Southern's market capitalisation on July 2, when the shares traded at 155p before Trinity's announcement.

Trinity has already bought some shares at 200p, valuing the company at £46.7m. The asking price now is between 250p and 260p, for a value nearer £60m.

Trinity International Holdings



Lower interest bill helps Bensons Crisps

By Peggy Hollinger

A DROP of 55 per cent in interest charges helped Bensons Crisps, the Preston-based snack food manufacturer, lift pre-tax profits by some 3 per cent to £312,000 in the six months to May 25.

The USM-quoted company paid £33,000 in interest, compared to £73,000 last time. Borrowings amounted to £1m and gearing was unchanged at 30 per cent.

Turnover rose by 13 per cent to £11.5m, although net margins narrowed slightly from 3 to 2.7 per cent. Much of the increase in turnover came from the relaunch of the group's multi-pack range of six assorted bags in one package.

Bensons intends increasingly to focus on this lower-margin area and has invested £250,000 in multi-pack equipment. The investment is expected to have a significant impact on profits by August, according to Mr Malcolm Jones, chairman.

"We can't produce enough [multi-packs] to meet demand," he said yesterday, adding that orders from the supermarket sector were "flying". Single pack business showed a slight decline on 1990.

The group, which has factories in South Wales and north-west England, said it hoped to build an additional plant some time next year if efficiency targets were reached at existing sites this year.

The second half got off to a "sticky start", said Mr Jones, reflecting problems with poor potato crops. Higher prices for potatoes in general and increased costs of quality control are expected to hit full-year profits.

Earnings per share were unchanged at 2.8p. The interim dividend goes up from 0.6p to 0.7p.

Mr Jones yesterday sold 550,000 shares at 133½p apiece to two institutions for "personal reasons". He now holds 20.8 per cent of the equity.

British Dredging shares slip on profits warning

Shares of British Dredging fell 7p to 123p yesterday following a warning from the company that full year profits would be significantly lower than expected.

Mr Fane Vernon, chairman, said the effects of the recession had been "considerably worse than expected" and that profits would be "much less than analysts' forecasts."

The group would be announcing its interim results in September, a month early.

Its building merchant business and paving blocks had been hardest hit.

Mr Vernon added, however, that the group was in a strong financial position and had issued the statement "as a sign of confidence in the future. We can stand the cycle."

British Dredging said it expected to maintain its interim dividend at 2.6p

Intl Business refinancing

By Clare Pearson

THE BANKS which rescued International Business Holdings, the business information group, through a debt-for-equity swap last December have now sanctioned a further refinancing of its borrowings and a transfer of shares designed to create management incentives.

Mr Roy Watts, chairman of Thames Water, is joining the board as non-executive chairman.

The shares gained ½p to 1¾p on the announcements even though the company, best known for publishing the Fleet Street Letter, also unveiled a pre-tax loss of £14.2m for the year to end-December 1990.

The investing group of 35 managers and directors has paid 1.64p per share to purchase 10 per cent of the equity, reducing the banks' holding to 65 per cent.

The company is also restructuring £55m worth of term loans in a deal that incorporates the conversion of £36m of them into a zero coupon loan and also an incentive to repay the balance of the debt before it becomes due in 1996.

The new zero coupon loan, otherwise due on the same date, can itself convert into 39-year non-interest bearing debt.

But the extent of that conversion will depend on the amount of the interest-bearing debt that is repaid before 1996.

The investing group's entitlements depend on cumulative operating profits exceeding £29.1m in the five years to end-December 1995.

If they are greater than £42.1m, the investors will get their maximum entitlements: 15 per cent of the equity and £10m worth of debentures.

Losses per share were 38.4p (earnings of 16.5p).

There is no dividend.

Polypipe expands

Polypipe has paid £2.5m cash for the assets of Spring Ram's Fordham plastic cistern and animal drinkers business. Spring Ram purchased Fordham from Hepworth in March, and is now to concentrate on developing its bathroom and kitchen products.

Saatchi rejigs offshoot management

By Alice Rawsthorn

SAATCHI & SAATCHI, the advertising group, is restructuring the senior management of Saatchi & Saatchi Advertising Worldwide, its flagship international advertising network.

Until now SSAW – one of the world's largest advertising groups with annualised billings of $6bn (£3.6bn) – has been divided into two divisions: Saatchi & Saatchi Advertising North America and Saatchi & Saatchi Advertising International, which covers everywhere except the US and Canada.

The new combined network will be run jointly by Mr Richard Humphreys, currently chief executive officer of SSAI, as president and Mr Ed Wax, chief executive officer of SSANA, as chairman.

They will work with an advisory board which includes Mr Charles Saatchi and Mr Jeremy Sinclair, both directors of the Saatchi group, and Mr Milt Gossett and Mr Stuart Upson, who will relinquish their present posts as joint chairmen of SSAW.

SSAW works for a number of multinational advertisers including Procter & Gamble, Johnson & Johnson and British Airways. It is the product of a series of acquisitions conducted by Saatchi in the 1980s and includes the original Saatchi agency in London as well as Compton, the New York-based advertising network, and Dancer Fitzgerald Sample, another US agency.

Saatchi, which also owns the Backer Spielvogel Bates advertising network, recently completed an emergency financial restructuring package. The group, like the rest of the international advertising industry, is suffering from the downturn in its main markets of the US and the UK.

Attwoods expands in the US through $10m purchase

Attwoods, the mineral extraction and waste management services group, is to acquire Enviro-Solutions, a medical waste processing company based in Atlanta, Georgia, for a profit-related payment not expected to exceed $10m (£6m).

Attwoods has also completed the purchase of a former General Motors plant in Atlanta for $5m cash, and is buying Ventré Plastics, a reprocessing company, for a nominal sum plus $3m existing debt, to be financed by the issue of new ordinary shares.

COMPANY NEWS IN BRIEF

ABERDEEN TRUST has agreed to acquire the issued share capital of Ivory & Sime Luxembourg from Ivory & Sime for about £68,000 cash. Ivory & Sime Luxembourg is the management company of the Atlas Fund, an open ended investment company.

GARTMORE European Investment net asset value per share was 95.4p at June 30 (120.3p). Accounting period to run for 15 months ended September, and earnings for 12 months to June were 1.46p (0.84p). Revenue totalled £679,000 (£717,000).

G&G KYNOCH has sold the ongoing business of Kynoch Textiles to Joshua Ellis for about £195,000.

IMI has acquired REM Holdings (Remcor) of Illinois for $17m (£10m) cash. REM makes speciality refrigerated products and automated beverage dispensing systems.

NORTHERN FOODS has acquired Kara Foods and Grain D'Or Bakeries from Hillsdown Holdings for £4.1m cash.

RENTAMINSTER has purchased Protocol International, which specialises in training in the mainframe computer sector, for a nominal sum. Rentaminster will provide £250,000 working capital and restructure Protocol, which has negative net assets of £233,000.

TI GROUP has completed the acquisition of Dover Corporation's US and European marine seals activities for a total of £23.6m. These acquisitions complement the recent purchase of a controlling stake in Dover Japan.

NEWS DIGEST

Clarke Nickolls in the black

AFTER A further exceptional provision against properties, Clarke Nickolls & Coombs made a pre-tax profit of £72,000 in the six months ended June 30 1991, against a loss of £382,000.

The provision this time was £271,000, compared with £1.88m. Directors said the commercial property market saw no improvement, partly because of the continued absence of tenant and buyer demand.

Gross rental income was £1.73m (£1.4m) and sales of properties £2.07m (£6.28m). As a result of property disposals rents were expected to fall in the second half, although the reduction in interest rates was adding to the surplus of rental income over interest liability.

Earnings per share were 0.69p (0.53p) after a tax credit, and the interim dividend is 0.3p (0.25p).

F&C Enterprise asset value up

Over the six months ended June 30 1991 Foreign & Colonial Enterprise Trust saw net asset value rise from 42.5p to 44.4p. At end-June 1990 the value stood at 46.5p.

The trust specialises in financing management buy-outs and development and venture capital projects.

Three new investments were made for a total cost of £2.5m, and the one significant disposal was the investment in Technophone for £1.1m cash, a £400,000 premium to the valuation of December 1990.

Total revenue improved to £1.02m (£788,000), and earnings per share were 0.56p (0.05p).

Invicta Sound and Sthrn Radio in talks

The restructuring of the commercial radio industry is continuing with Invicta Sound and Southern Radio announcing they had begun "material talks" that may lead to a merger.

Commercial radio, like other areas of the media, has recently been affected by the downturn in the advertising market.

The industry has also been destabilised by the deregulation of the radio system as new commercial stations have come on stream.

Southern Radio, which operates in the Brighton, Eastbourne and Hastings areas, saw pre-tax profits fall from £2.01m to £1.8m for its last financial year to September 30.

Southern already has a substantial shareholding in Invicta, which is quoted on the USM. Invicta, based in Kent, recently reported a pre-tax loss of £240,000 for the six months to March 31, compared with pre-tax profits of £97,000 in the corresponding period last year.

The two companies have held merger talks in the past.

Fairey in $11.5m US acquisition

Fairey Group, the specialist engineer, has paid $11.5m (£6.8m) cash for LaserMike, a US-based maker of laser non-contact dimensional measurement equipment. The vendor was Bunzl.

LaserMike, of Dayton, Ohio, returned pre-tax profits of $2.1m for 1990. Its customers are based in the wire, cable, metal, polymer, fibre optic, rubber and aerospace industries.

Investment sales lift Edinburgh Oil

Edinburgh Oil & Gas, the USM-quoted exploration and production company, reported taxable profits of £234,000 for the six months to June 30.

The outcome – boosted by gains of £189,000 from sales of investments – compared with *profits of just £31,000 last time* and £66,000 for the full year to end-December 1990. Operating profits totalled £35,000 (losses of £74,000), a turnround helped by lower administrative costs and exchange gains. Turnover expanded to £717,000 (£280,000) reflecting higher production from the six UK onshore fields and increased third party crude sales through the Humbly Grove facilities.

Production in the period averaged 213 barrels of oil equivalent per day against 116 b/d in the first half of 1990 and 139 b/d over the full year.

Earnings per share emerged at 1.35p (0.19p).

Gartmore Emerging assets increase

At June 30 1991, net asset value of Gartmore Emerging Pacific Investment Trust had risen to 58.9p, from 44.9p six months earlier.

For the six months gross revenue came to £515,000 (£390,000)and earnings per share worked through to 0.26p (0.05p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
BBA ......int	2.25	Jan 13	2.25	-	7.5
Bensons Crisps §......int	0.7	Oct 1	0.6	-	2.75
Clarke Nickolls ......int	0.3	Nov 11	0.25	-	0.75
TDG ......int	3	Nov 6	3	-	9.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

BOARD MEETINGS

TODAY

Interims- Admiral, Gold Fields Property, Law Debenture, Metal Bulletin, National Westminster Bank, Sumit, TR Pacific Investment Trust, Vogels., Whitegate Leisure.

Finals- Aitken Hume Intl, Lebowa Platinum Mines, New Wits, Rustenburg Platinum, Scottish & Mercantile Inv Trust, Scottish Cities Inv Trust

FUTURE DATES

Interims-

Astec (BSR)	Sep. 6
Brixton Estate	Sep 17
CSC InvTrust	Aug. 14
Cattles	Aug. 22
Delta	Sep. 10
EBC	Aug. 30
Glynwed Intl	Aug. 15
HSBC	Aug. 27
IMI	Sep. 3
Johnson Group Cleaners	Aug. 15
Manders	Sep. 9
Newmarket Venture Cap	Aug. 9
Rea Bros	Aug. 20
Steetley	Sep. 30
Suter	Sep. 9
Taylor Woodrow	Sep. 3
Ward Holdings	Aug. 14
Final-	
Wardle Storeys	Nov. 11

FT LAW REPORTS

Auditors need not reveal books

RE BRITISH & COMMONWEALTH HOLDINGS PLC
Chancery Division: Mr Justice Hoffmann:
July 24 1991

PRODUCTION OF documents to enable a company's administrators to inquire into its affairs and dealings, will be ordered by the court only in respect of information to which the company is entitled from its officers or servants, past or present, as a matter of contract or fiduciary duty; it does not extend to information which would have been unavailable to the company other than in legal proceedings.

Mr Justice Hoffmann so held when allowing an appeal by the respondent auditors, Spicer & Oppenheim, from Mr Registrar Scott's order requiring them to produce documents to the applicants, the administrators of British & Commonwealth Holdings plc (B&C).

Section 236 of the Insolvency Act 1986 provides: "(2)The court may, on the application of [the administrators], summon to appear before it ... (c) any person whom the court *thinks capable of giving information* concerning the ... business, dealings, affairs or property of the company. (3)The court may require any such person ... to produce any books, papers or other records in his possession ... relating to the company or the matters mentioned in paragraph (c) ..."

HIS LORDSHIP said that on September 1 1988 B&C acquired Atlantic Computers plc for £420m. Over the following 19 months it put in another £117m. In April 1990 B&C was informed by Atlantic's auditors that without massive additional support it could not continue to trade. B&C was unable to provide funds, and on April 16 administrators of Atlantic were appointed by the court.

B&C went into administration on June 3.

Atlantic's statement of affairs showed a deficiency in assets of £279m. That remarkable reversal compared with its apparent prosperity at the time of acquisition raised questions about how its affairs had been conducted. On June 15 the Secretary of State appointed inspectors to investigate Atlantic's affairs. The crash also raised questions about representations made to B&C by Atlantic's directors and advisers *at time of acquisition*.

Spicer & Oppenheim were Atlantic's auditors from 1983 until June 2 1989. Before the acquisition they had given an unqualified audit opinion on Atlantic's financial statements for 1987. During the acquisition they produced a working capital report on the instructions of its merchant bank advisers. On May 4 1989, they gave an unqualified audit opinion of its financial statements for 1988.

On January 16 1991 the solicitors to B&C's administrators wrote to Spicer asking to *inspect documents in their possession*. They said the acquisition of Atlantic was part of B&C's "dealings" or "affairs" within section 236(2)(c) of the Insolvency Act 1986.

The request was refused.

On April 29 Mr Registrar Scott made an *ex parte* order requiring Spicer to produce documents relating to the audit of Atlantic's and its *subsidiaries' 1987 and 1988* accounts, and to the acquisition.

Spicer now sought to discharge the order on grounds that it was oppressive, and *amounted to use of section* 236(2) for a purpose not intended by Parliament.

Until *Cloverbay [1991] Ch 90*, in which an order to cross-examine BCCI officials was set aside as oppressive, the determining factor whether an administrator should be allowed to use section 236 had almost invariably been whether he had decided to sue the person from whom he was seeking information.

That subjective test was disapproved by the Court of Appeal in *Cloverbay*. The vice-chancellor said that there was no "simple test". He said the court had to "balance the requirements of the liquidator against any possible oppression to the person to be examined".

If that balancing act were all that was involved in exercise of the discretion, the Registrar's order should stand.

A listed public company had *become insolvent*, with widespread loss to creditors and investors. The principal cause of the crash was that a subsidiary acquired for £420m with the advice of merchant bankers, *accountants and others*, was found after less than two years and the introduction of another £117m, to be insolvent to the tune of £279m.

Villainy was suspected. The *administrators were trying to* piece together a picture of Atlantic's true financial position at time of acquisition.

As against that, evidence of oppression sworn on Spicer's behalf consisted of rhetoric and generalities. Their solicitor said the volume of documentation was "very large". But there was no suggestion that the *order did not* enable Spicer to identify files required or that production would involve too much trouble and expense.

Each case must be considered on its own merits.

The substance of the oppression claim was that examination of audit papers might show Spicer were negligent.

No doubt it was unpleasant to have to produce information *which might provide evidence* of negligence, but that was no more than a factor in the balancing exercise.

In *Cloverbay* the Court of Appeal found it particularly *objectionable that BCCI officials* should be orally examined with a view to supporting a fraud case against them. But there was no suggestion of fraud by Spicer and no order *for cross-examination* was sought.

Spicer said the order was oppressive because the administrators had not specified which areas of the accounts were under investigation.

The only purpose of asking for greater specificity was to alert Spicer to matters on which the administrators considered they or someone else might be vulnerable. That was not sufficient reason to prevent the administrators from having access to the documents.

The first ground upon which Spicer made their application was rejected.

The second ground involved use of section 236(2) powers for an improper purpose.

In *Cloverbay* the vice-chancellor said the reason for the inquisitorial jurisdiction in section 236 was that an administrator came into the company with no previous knowledge and frequently found records were missing or defective.

He said "The purpose of section 236 is to enable him to get sufficient information to reconstitute the state of knowledge that the company should possess. *Its purpose is not to put* the company in a better position than it would have enjoyed if liquidation or administration had not supervened".

That passage could only be read as meaning that *the* purpose of the discretion was to "reconstitute the state of knowledge that the company should possess"; and that it would *not* be proper to make an order for the purpose of putting the company "in a better position than it would have enjoyed if liquidation or administration had not supervened".

Mr Moss for the administrators, said knowledge which could be "reconstituted" extended to any information *third parties would have* communicated to the company if they had been dealing honestly, honourably and reasonably.

The vice-chancellor did not *intend "reconstituting the company's* knowledge" to have that extended meaning.

If the company had remained solvent, it would not have been entitled to demand documents *from the fraudster or to* interrogate him, except in legal proceedings. The vice-chancellor was referring to information to which the company was entitled from its officers and servants, *past or present*, as a matter of contract or fiduciary duty. Section 236 could not be used to obtain information which would not have been available to the company at all.

By that test little if any of the information sought by the administrators could be described as "reconstituting the company's knowledge".

If B&C had remained solvent, it would have had no access to the state of affairs lying behind Atlantic's audited accounts and financial statements, or the sources of representations made during acquisition, except in legal proceedings.

The passage in *Cloverbay* was a clear and considered statement of principle, made after consideration of earlier authorities. It was the court's duty to apply it. The Registrar's order fell outside the purpose of section 236 and must be discharged.

For the administrators: Gabriel Moss QC and John Brisby (Stephenson Harwood).

For Spicer and Oppenheim: Peter Goldsmith QC and Robin Knowles (Linklaters & Paine).

Rachel Davies
Barrister

COMPANY NOTICES

CYDSA S.A.
Floating Rate Notes
due 1988-1991

NOTICE IS HEREBY GIVEN that for the Interest Period commencing on 7th August, 1991, the Notes will bear interest at the rate of 7¾% per annum. The interest payable on 7th November, 1991 against Coupon No. 28 will be U.S. $12.18 per U.S. $625 Nominal.

Agent Bank
ROYAL BANK OF CANADA EUROPE LIMITED

LEGAL NOTICES

FIRSTMEASURE PLC
(In Receivership)

Registered number 2153255
Nature of business: Securities Investment Company
Trade classification: Division 7
Date of appointment of joint administrative receivers: 24 July 1991
Name of person appointing the joint administrative receivers: The British Linen Bank Limited
C J HUGHES, T R HARRIS
Joint Administrative Receivers
(Office holder nos 2041 and 2129)
Cork Gully
Shelley House
3 Noble Street
London Ec2V 7DQ

OBITUARIES

SMITH-COX CBE, TD, JP Clifton passed peacefully away at home on Saturday 3rd August after a short illness, aged 80 years. Beloved husband of Marjorie, father of Geoffrey, Peter and father-in-law to June and Sherry. Grandfather of Jonathan and Jeremy, Daniel and Emma. Funeral service at St. Mary's Church, Walton St. Mary, Clevedon on Thursday 8th August at 11.30 am. Memorial service at Christ Church, Clifton, Bristol on Tuesday 13th August at 12.30 pm. Family flowers only please but donations if desired for *Cancer Research, may be sent care of R.G.* Rawlings Ltd, Funeral Directors, Clevedon. Tel: 0272 873218.

CLUBS

EVE has outlived others due to policy of fair play and value for money. Supper from 10-3.30 am. Glamorous hostesses, exciting cabaret. 189 Regent St. W1 071-734 0557

PERSONAL

ALL CROCODILE ARTICLES,
All Leather Luggage, Trunks, Bloodstone Bags etc. wanted.
071-229 9618.

The United Mexican States Floating Rate

Privatization Notes Due 2001

The applicable rate of interest for the period August 1, 1991, through and including October 31, 1991, to be paid on November 1, 1991, a period of 92 days, is 6.8750%. This rate is 13/16% above the offered rate for three-month deposits in U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest Settlement Rate (6.0625%) as quoted on the Dow Jones/Telerate Monitor as Telerate Screen No. 3750 as at 11:00 A.M. (London Time) on July 30, 1991.

The above rate equates to an interest payment of USD 17.5694 per USD 1,000.00 in principal amount of Notes.

Charles E. Giuliani
Assistant General Manager
Banco Nacional de Mexico, NY

August 6, 1991

TECK CORPORATION

Notice to Unitholders
Distribution Date
August 6, 1991

On July 3, 1991 Teck Corporation issued pursuant to a Short Form Prospectus dated June 20, 1991 Units comprised of one Class B Subordinate Voting Share and one-half Class B Subordinate Voting Share Purchase Warrant.

The Prospectus provides that the Units are delivered by way of a legended certificate evidencing the Class B Subordinate Voting Shares and the Warrants, which Warrants become separable on or before September 30, 1991 on a date to be determined by the Directors of the Company, the Underwriters and the European Managers (the "Distribution Date"). They have determined August 6, 1991 as the Distribution Date and, accordingly, the legended certificates evidencing the Class B Subordinate Voting Shares and the Warrants will, after the close of business on August 6, 1991, represent only the number of Class B Subordinate Voting Shares set forth on such certificates. Unitholders of record at the close of business on August 6, 1991 will be mailed, during the week of August 6, 1991 certificates representing the Warrants to which they are entitled.

The Class B Subordinate Voting Shares and the Warrants into which the Units become separable on August 6, 1991 have been listed and posted for trading on the Toronto, Montreal and Vancouver Stock Exchanges. For additional *information, please contact your broker or the Transfer Agent, National Trust Company, at its principal offices in* Toronto, Calgary, Winnipeg, Vancouver and Montreal or Connaught St. Michaels Ltd. at its offices in Luton, Bedfordshire, England.

During the period commencing the Distribution Date and ending December 15, 1993, each whole Warrant entitles its holder to subscribe for one Class B Subordinate Voting Share of Teck Corporation at a price of $25.00 per Class B Subordinate Voting Share.

DATED at Toronto, Ontario, August 1, 1991

R.F. Mossman, Secretary

COMMODITIES AND AGRICULTURE

US wheat export subsidies climb to record levels

By Nancy Dunne and Matt Hurlgen in Washington

THE US Department of Agriculture has been paying record export subsidies in order to compete with the European Community and Canada in the fiercely contested global export wheat market, according to US trade sources.

The subsidies are driving down prices at a time when world wheat output – although lagging behind last year – is still all too bountiful. The US last Friday awarded its largest export "bonus" ever – $62.94 a tonne – on 25,000 tonnes of US hard red winter wheat to Algeria.

Credit offerings, trade agreements and export subsidies are playing the critical role in securing and maintaining markets that the department predicted last spring.

After a slow period, US wheat exports, particularly to China, have been surging, thanks to "bonus" deals. China last week bought US wheat at $75 a tonne, with a bonus subsidy of $51.60.

All this was made possible last Spring when Congress removed the $425m limit on funding for US farm export subsidies.

In the past week export subsidies have generally been running at almost half the cost of the wheat, according to a trade group analyst.

The US, he said, has cut its wheat production with a 15 per cent set-aside. Winter wheat production is at its lowest level since 1976, and spring wheat output is expected to fall 5 per cent from last year.

However, while US output has been falling, EC production has been climbing.

Traders are hoping new business from the Soviet Union will provide a boost to prices. However, the Soviets have been having difficulty securing credit, even with the 98 per cent USDA guarantees.

● The Australian government has protested to the European Community over its sale of about 1.5m tonnes of subsidised wheat to China last month, reports Reuters from Canberra.

In a letter, Mr Neal Blewett, the Australian trade minister, has told Mr Frans Andriessen, the EC trade commissioner, that the trade war among Australia, the EC and the US had driven world wheat prices to record lows.

He said the aggressive use of subsidies conflicted with the Community's intention of reforming its farm system and making progress in world trade talks.

Platinum price falls below $350

By Kenneth Gooding, Mining Correspondent

PLATINUM FELL below $350 a troy ounce yesterday for the first time since the end of 1985. It closed in London at $348.75, down $5.50 on Friday.

It also increased its discount to gold, which closed in London down 40 cents an ounce at $356.35.

Dealers suggested platinum might rally briefly after its recent sharp drop – it has fallen by $29.90 an ounce or nearly 8 per cent in value in just over two weeks – because it bounced off $345 an ounce yesterday. Chartists said this is an important support point.

However, dealers suggested that in the longer term the downward trend might be re-established and some looked for platinum to drift to a $40 an ounce discount to gold.

Japanese investors, who were involved in two heavy bouts of selling last week, continued to be a big influence on the market yesterday. They were joined by Europeans, also selling aggressively.

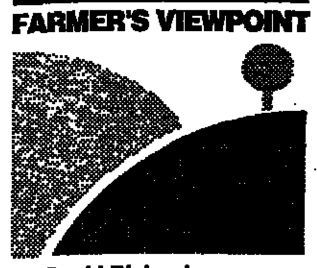
Sentiment was also influenced by a rumour that a South African company might have developed an automotive catalyst that uses manganese instead of platinum. Automotive catalysts provide platinum's best market.

Talk about the catalyst has persisted, though most observers seem to agree with the trader who said: "The rumour has so many holes you could run a bus through them."

Avoiding a return to the bad old days

The Milk Marketing Board is divided and has not allowed open debate on reform

FARMER'S VIEWPOINT



By David Richardson

WHEN my late father first kept dairy cows in the 1920s, there was no guarantee that he could sell the milk they produced. He had no retail licence, so had to depend entirely on selling to those who had.

Such people often used their power ruthlessly, driving down the price they were prepared to pay to uneconomic levels and sometimes refusing to purchase at all.

On those occasions, my late mother would have to make butter, by hand, from the cream. She would hang it down the well on a rope to keep it cool until the following Friday, when the local weekly market was held. She would take the butter to the market by bus, to be auctioned for whatever pittance it would fetch. Meanwhile, my father fed the remaining skimmed milk to the pigs.

It was this appalling state of affairs, repeated all over the country, which in 1933 prompted the formation of milk marketing boards. The biggest and most influential board was that for England and Wales.

Government statute decreed that the boards should take all milk from all producers at the same guaranteed price. Transport costs were pooled so that farmers who were a long distance from centres of population suffered no disadvantage because of their location. The boards wholesaled all milk to distributors and retailers.

Predictably, the scheme was warmly welcomed by farmers. A guaranteed daily market for a perishable product was exactly what they had hoped for, and it meant that milk became, and has generally since remained, the most consistently profitable sector of British agriculture.

In recent years, however, the efficiency of the boards relative to the co-operatives which operate in other EC countries has been questioned, even by milk producers. Some have concluded that complacency has blunted development and that opportunities to add value in the form of milk products have been missed.

As the debate on the future of milk marketing in the UK has developed over the last two to three years, stories like my father's have been remembered and repeated. Inevitably, many milk producers have concluded that the present scheme should not be changed.

That, however, is no longer an option. In these days of market forces and efficiency-led competition and the approaching European single market, monopolies – which the milk marketing boards undoubtedly are – cannot survive. The EC Commission and the British government have issued warnings to that effect and board members have been charged with making proposals for what amounts to their own privatisation.

Implied in that instruction was the threat that, if they fail, a solution is likely to be imposed by government. That has been the position for more than two years.

Progress towards a new structure has, to say the least, been slow. Last March the England and Wales Board, which sets the pace for the others, said it had unanimously agreed a set of proposals for submission to the British government and the EC. But, apart from a four-page summary which was so vague as to be almost meaningless, the board has so far omitted to tell the 30,000 milk producers from whom they buy milk what they have proposed.

There is little doubt, in fact, that the vagueness is deliberate, and this results – whatever board members may say to the contrary – from their continuing inability to agree a common strategy.

Even the concept of a single co-operative to continue virtually all of the tasks currently performed by the present organisation – with the exception of the method of pricing milk to the distribution trade – seems unable to unite them. This is in spite of the fact that, if accepted, the new organisation would almost be the Milk Marketing Board by another name.

Indeed, last week two board members, Mr Bryan Carr and Mr Richard Smith, both of whom represent those who want little or no change, went so far as to challenge the chairman, Mr Bob Steven, for his position, presumably so as to rewrite the so-called unanimous proposals. In the event they split the votes of the dissenters of the board, and Mr Steven was re-elected on a modest reforming ticket.

Milk producers are becoming rapidly more frustrated by the board's antics and its failure to disclose fully the policies it is proposing. When challenged on the issue at last week's annual general meeting of the England and Wales board, Mr Steven replied that the proposals were with the EC Commission at present. They were, he said, being studied to ascertain whether or not they would be legal under EC law. Discussion before that were confirmed would only confuse, he claimed.

It was clear from other comments at last week's AGM, however, that farmers have had more than enough of disunity, apparent inactivity, and deliberate obfuscation from their elected representatives.

Farmers who live close to large towns believe they could profit from a free market and the ability it would give them to sell direct to consumers. Other farmers, who appear to be more numerous at present, seek to cling to the existing scheme. They are worried because agricultural co-operatives have a high failure rate in the UK and they fear the same fate could befall a milk co-operative. They are concerned that, once the boards are broken up and compulsion is replaced by competition, the buyers of milk will divide and rule and that the experiences of the 1920s will return.

Both sides of the argument are equally unhappy with the boards, however, and are taking entrenched positions from which it will be difficult to retreat, if and when proposals are made available for debate. The milk industry is in danger of serious division.

Surely open debate now would be better for all concerned. Whether or not the EC decides to approve the proposals, if producers at least knew what was on the table, they could begin to modify their opinions and perhaps bid for their own changes.

When the government is faced with a similar situation, it issues a Green Paper for discussion. Later, when all opinions have been expressed, a White Paper and legislation follows.

Why can't the milk boards adopt that principle? It would certainly be more productive and less disruptive than the present vacuum. Or is the board so split that it is unable even to produce a discussion document? That is what some disillusioned milk producers are beginning to wonder. Meanwhile, the present delay and uncertainty can only do damage to their interests.

Indonesia set to become largest rubber producer

INDONESIA, which is embarking on an aggressive drive to raise rubber production and productivity, is likely to become the world's leading producer by 1993, according to a senior official at the International Natural Rubber Organisation, reports Reuters from Kuala Lumpur.

"Labour and land-abundant Indonesia is likely to overtake Malaysia as the world's top producer in the next year or two," said Mr Christopher Goldthorpe, a senior development officer at Inro, in a recently published research paper.

He estimated that Indonesia's rubber output would rise from 1.25m tonnes in 1989 to 1.6m tonnes by 1995 and to 2m by 2000.

Indonesia has the world's largest area under rubber cultivation but lags behind Malaysia in production. Malaysia's output fell from 1.41m in 1989 to 1.29m tonnes in 1990, the lowest level in two decades, because of weakening prices and declining planted area.

The Kuala Lumpur-based Inro administers the International Natural Rubber Agreement, which groups major rubber consuming and producing countries, including Malaysia and Indonesia.

Mr Goldthorpe said Indonesia was unlikely to open up more land for rubber. "The Indonesian strategy for raising production levels is through improvements in productivity," he said.

Coconut forecast reduced

THE PHILIPPINES' United Coconut Association has reduced its production forecast for 1991 to 2.07m tonnes from the 2.48m forecast last December, reports Reuter's from Washington. It partly blamed lower rainfall and a powerful typhoon last November, but also said that palms might be "on a biological rest" after a production surge last year.

New Zealand wool trough may have bottomed out

Firmer early season prices have raised growers' hopes after last year's difficulties, writes Terry Hall

FIRMER PRICES at the first two sales of the 1991-92 New Zealand wool selling season – the first to be conducted in a free market for 40 years – have raised hopes that there could be some recovery after the severe difficulties of 1990.

Last year saw a 31 per cent fall in the average price to NZ$4.22 (£1.43) a kilogram, the lowest figure in real terms for 30 years.

Like the lows recorded in 1970-71 and 1982-83, the year was marked by huge unsold stockpiles in Australia, New Zealand and elsewhere.

In 1970-71 and 1982-83 prices did not fully recover until the stockpiles were run down to manageable levels. Fortunately for New Zealand the current stockpile is well down on the mountains of crossbred and similar wools held in 1967-71 and 1980-83.

At the end of the 1990-91 season stocks stood at 67,000 clean tonnes, or 558,400 bales. This represented 30 per cent of total production, but was well down on the 78,000 tonnes or 650,000 bales in store in February, and the board is actively continuing to sell out of season types when it can, in an effort not to disturb the market.

Last season the country's wool industry faced momentous difficulties, including the withdrawal of China and the Soviet Union, the disruption of markets because of the Gulf war and massive stockbuilding in wool producing countries.

These conditions eventually led to a crisis when the Australian Wool Commission suspended its price support scheme, a move followed by New Zealand, which had guaranteed its farmers NZ$4.85 a kilogram.

Following the end of wool board interventions, prices dropped to an average NZ$3.50 a kilogram, but became much more volatile. For instance in early June, after reaching NZ$4.18 a kilogram, the wool price suddenly dipped to NZ$3.67, before finishing the season at NZ$3.97.

These wide fluctuations in June derived from an unusually wide range of types available because of late shearing after wet weather. At the end of the month supplies dwindled again, and overseas buyers became increasingly active as they sought supplies to cover them for the period between seasons when there are no auctions.

Wool has never been cheaper compared with synthetics, but large stockpiles will have a negative influence on the market

The Wool Board was accused of pushing prices down in early June to encourage farmers to shear to qualify for supplementary payments. These are given to farmers who missed out on the guaranteed prices available until February. However, this accusation seems unfounded as the wool types sold were of good length, showing no signs of rushed shearing.

The new season began in late July on a somewhat firmer note. The first sale in Napier consisted mainly of crossbred second shears and crutchings. As expected, the second more important sale at Christchurch gave a better indication, with prices slightly firmer and an average of NZ$4.19. However, much of the gain was due to a weakening of the New Zealand dollar and, in overseas terms, prices were little changed.

For the immediate future it is believed prices will hold at present levels, or firm slightly. There has been little fine wool sold so far, and that section of the market is closely watching developments in Australia, where prices were down two per cent at the first sale of the season.

Longer term it is believed prices will fluctuate in a similar way to last season, following the end of the board's ability to influence the market by buying wool at auction in periods of weakness. Prices should ease in periods of peak supply, when local exporters are expected to be active in acquiring stock for later sale.

The new season has begun with some indications of greater Chinese support, and there are hopes this will increase because of the improving economic situation in China.

However, the Soviets, who are believed to have largely used up their credit lines, were much less apparent at the new season's sales.

Pressure remains on wool growers. At an indicator price of NZ$3.67 a kilogram, as in early June, they were showing a return of only NZ$2.33 a kilogram, greasy, and at the indicator of NZ$4.18, a return of NZ$2.70.

While wool has never been cheaper compared with synthetics, the large wool stockpiles in both Australia and New Zealand will have a negative influence on sentiment.

The top 10 markets in the 1990-91 season accounted for over 70 per cent of exports: Japan, China and the UK all increased their imports of New Zealand wool from the previous season. Exports to Belgium and Germany declined slightly, although total exports to the European Community were unchanged at 65,000 clean tonnes.

Exports to India and Nepal increased by 100 per cent and 50 per cent respectively. Nearly 8,000 clean tonnes were exported to the Soviet Union in the last two months of the season, but this was down 70 per cent on the previous season. Quantities shipped to the US and Australia declined.

The total quantity of wool exports was down by 1 per cent from the previous season at 189,000 clean tonnes, but the value fell by 27 per cent from NZ$1.329bn to $974m.

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER PRICES fell again on the London Metal Exchange yesterday although there was no sign of an end to the strike that began last week at Chile's El Teniente mine, the world's second biggest copper producer. The cash price's £15.50 fall, which followed a similar decline last Friday, took it to £1,309.50 a tonne, below the level ruling when the El Teniente miners voted a week ago for a stoppage in support of a wage demand. However, the main reason for yesterday's fall was sterling's firmness against the dollar. In dollar terms copper prices were little changed. In the aluminium market a continued fall took prices to eight-week lows as dealers anticipated the announcement today of a further rise in LME warehouse stocks, which are already at a record level. Dealers said lack of consumer demand also encouraged the cash quotation's $5.50 fall to $1,256.50 a tonne. Nickel prices settled back after the rise of the previous few trading days and the cash premium over metal for forward delivery narrowed. The cash price closed at $8,175 a tonne, down $95 on the day, while the three months position fell $72.50 to $8,152.50 a tonne. The cocoa market built on last week's rally before gains were reversed in the afternoon.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.35-6.50u	+0.75
Brent Blend (dated)	$19.45-9.55	+0.10
Brent Blend (Sep)	$19.55-9.60	+0.10
W.T.I. (1 pm est)	$21.45-1.50u	-0.05
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$244-246	
Gas Oil	$188-190	+1
Heavy Fuel Oil	$69-71	
Naphtha	$200-202	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$356.35	-0.4
Silver (per troy oz)♣	394.5c	
Platinum (per troy oz)	$348.75	-5.5
Palladium (per troy oz)	$84.25	-1.0
Copper (US Producer)	104.8c	+0.1
Lead (US Producer)	60c	
Tin (Kuala Lumpur market)	15.40r	
Tin (New York)	263.0c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.58p	+0.31*
Sheep (dead weight)†	121.94p	+1.49*
Pigs (live weight)†	63.71p	-2.18*
London daily sugar (raw)	$266.4y	-3.6
London daily sugar (white)	$339.5y	+1.5
Tate and Lyle export price	£280.5	+5.0
Barley (English feed)	£107.5z	-0.6
Maize (US No. 3 yellow)	£179	-1.5
Wheat (US Dark Northern)	£100.5z	
Rubber (Sep)♥	53.00p	
Rubber (Oct)♥	53.50p	
Rubber (KL RSS No 1 Sep)	227.0m	
Coconut oil (Philippines)§	$470q	-5
Palm Oil (Malaysian)§	$357.5u	
Copra (Philippines)§	$305z	
Soyabeans (US)	£169.0z	+1.5
Cotton "A" index	75.20c	+0.40
Wooltops (64s Super)	370p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Aug ‡-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Oct	217.80	218.00	217.80 216.20
Dec	212.80	208.00	201.00
Mar	199.20	198.60	198.40 198.00
May	201.20	199.40	199.40
Aug	200.00	197.40	198.80 197.40
White	Close	Previous	High/Low
Oct	293.0	292.0	293.8 288.5
Dec	282.5	281.5	283.0 277.5
Mar	280.0	280.0	280.0 275.4
May	279.7	279.0	279.0 277.9
Aug	279.0	278.5	278.6 274.0
Oct	262.9	262.5	259.7

Turnover: Raw 961 (646) lots of 50 tonnes. White 890 (1049)
Paris- White (FFr per tonne): Oct 1711

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Sep	19.57	19.50	19.82 19.45
Oct	19.64	19.60	19.72 19.58
Nov	19.70	19.65	19.70 19.58
Dec	19.56	19.55	19.65 19.56
Jan	19.70	19.40	19.70 19.53
IPE Index	19.49	19.72	19.49

Turnover 16096 (24158)

GAS OIL – IPE			$/tonne
	Latest	Previous	High/Low
Aug	185.50	185.50	186.25 184.00
Sep	187.50	186.50	187.50 185.00
Oct	189.00	188.50	189.50 186.00
Nov	191.75	190.00	191.75 189.75
Dec	192.00	191.25	192.00 190.25
Jan	189.50	189.00	189.00 188.00
Feb	183.50	183.50	183.50 180.50
Mar	177.50	176.25	178.00 177.50
Apr	174.50	173.25	175.00 174.50

Turnover 8247 (9272)lots of 100 tonnes

TEA

There was good general demand,reports the Tea Broker's Association. Brighter liquoring teas were fully firm and, although medium kenyas proved irregular, price levels showed little change. Central Africans continued to be a strong feature and 3p to 5p dearer. Ceylons were well supported at firm rates. Offshore teas met good competition with kenyas about steady and other descriptions fully firm. The highest price realised this week was 143p for a Rwanda. Quotations : quality 135p/kg, medium 100p/kg, low medium 78p/kg.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Sep	669	677	690 666
Dec	703	712	722 700
Mar	733	743	753 731
May	749	749	768 747
Jul	766	773	782 764
Sep	784	792	800 785
Dec	810	818	820 806
Mar	833	846	847 833
May	850	862	861 850

Turnover: 14913 (15975) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 1 867.66 (833.15) 10 day average for Aug 2 812.08 (804.41)

COFFEE – London FOX			£/tonne
	Close	Previous	High/Low
Sep	535	537	536 532
Nov	556	561	560 555
Jan	577	581	581 578
Mar	592	596	600 592

Turnover: 2304 (3780) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 1 : Comp. daily 63.58 (63.87). 15 day average 63.75 (63.86)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	99.4	98.9	100.5 99.3

Turnover 86 (27) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Dec	143.00	141.00	143.00 141.50

Turnover 180 (122) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Aug	1406	1430	1430 1405
Sep	1464	1475	1480 1455
Oct	1568	1570	1575 1568
Jan	1576	1580	1575
Jul	1370	1355	1360
Oct	1450	1425	1460
BFI	1436	1442	1436

Turnover 113 (242)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Nov	115.10	114.85	115.10 114.90
Barley	Close	Previous	High/Low
Sep	109.75	109.75	109.75 109.70
Nov	113.70	113.65	113.70 113.60
Jan	117.20		117.20

Turnover: Wheat 87 (305). Barley 133 (148).
Turnover lots of 100 tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
Sep	96.0	96.5	95.0
Oct	103.0	102.5	101.0
Nov	105.0	104.0	103.0
Jan	100.5		101.5 101.0

Turnover:19 (26) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	137.94	136.06			
Sep	139.40	139.10	139.40	138.30	45
Oct	139.80	139.80	139.80	139.80	45
Dec	140.20	140.00	140.20	140.20	45

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 26,692 lots
Cash	1256-7	1261-3		1259-60		
3 months	1288-9	1292-3		1291-2	q	108,808 lots
Copper, Grade A (£ per tonne)						Total daily turnover 15,092 lots
Cash	1309-10	1324-6	1319.5/1319	1319-9.5		
3 months	1327-7.5	1341-2	1338.5/1325	1338-8.5	1325-6	127,440 lots
Lead (£ per tonne)						Total daily turnover 2,801 lots
Cash	321-3	332-2.5		322-2.5		
3 months	333-3.5	334.75-5	335/332.5	333.5-4.0	332-2.5	22,973lots
Nickel ($ per tonne)						Total daily turnover 1,137 lots
Cash	8170-80	8260-80		8180-200		
3 months	8150-5	8220-30	8200/8150	8160-70	8140-50	14,193 lots
Tin ($ per tonne)						Total daily turnover 2,054 lots
Cash	5660-5	1055-6	5665	5652-55		
3 months	5760-70	1072-3	5760/5740	5730-40	5745-50	7,386lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,024 lots
Cash	1059-60	1055-6	1058	1058-9		
3 months	1073-4	1072-3	1076/1072	1074-4.5	1071-2	27,951 lots

LME Closing £/$ rate:
SPOT: 1.7097 3 months: 1.6895 6 months: 1.6702 9 months: 1.6559

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	356.10-356.60	
Opening	356.60-357.00	
Morning fix	355.60	210.041
Afternoon fix	356.60	208.541
Day's high	357.00-357.40	
Day's low	354.00-354.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.31	6 months	5.19
2 months	5.26	12 months	5.16
3 months	5.21		

Silver fix	p/fine oz	US cts equiv
Spot	232.35	393.50
3 months	236.55	399.05
6 months	244.65	405.05
12 months	244.65	417.90

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	357.00-358.00	208.75-209.25
Maple leaf	365.00-366.00	213.50-214.00
New Sovereign	88.00-89.00	51.50-52.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1200	75	114	3	13
1300	13	51	40	47
1400	1	17	127	111
Copper (Grade A)	Calls		Puts	
2150	114	126	8	50
2250	45	74	88	96
2350	12	40	104	159
Coffee	Sep	Nov	Sep	Nov
500	35	60	1	3
550	4	23	20	17
600		7	66	51
Cocoa	Sep	Dec	Sep	Dec
650	30	78	12	26
675	16	63	23	36
700	8	50	40	48
Brent Crude	Sep	Oct	Sep	Oct
1900			6	24
1950		52	4	44
2000	6	32		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Aug	356.2	355.6	356.5	354.0
Sep	357.6	357.1	357.0	355.5
Oct	359.3	358.9	359.8	356.9
Dec	362.7	362.3	363.2	360.2
Feb	366.0	365.6	366.2	363.7
Apr	369.2	368.8	369.2	367.3
Jun	372.6	3372.2	370.8	370.8
Aug	376.0	375.6	0	0
Oct	379.4	379.0	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Aug	352.4	353.1	0	0
Oct	354.4	355.1	355.0	350.5
Jan	359.2	369.8	360.0	356.5
Apr	363 2	363.8	361.0	361.0
Jul	367.1	367.7	0	0
Oct	375.1	375.7	375.0	376.0
Oct	387.9	387.5	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Aug	392.1	391.5	392.0	388.0
Sep	394.0	393.5	395.0	389.0
Oct	396.2	395.7	0	0
Dec	400.7	400.2	402.0	395.0
Jan	402.2	401.7	0	0
Mar	407.8	407.4	408.5	403.0
May	412.6	412.2	412.5	412.0
Jul	417.4	417.0	0	0
Sep	422.4	422.1	422.5	422.0
Dec	430.5	430 2	432.0	431.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	101.20	100.25	101.20	99.95
Sep	101.45	100.75	101.80	100.25
Oct	101.10	100.40	101.10	100.95
Nov	100.65	100.05	0	0
Dec	100.30	99.70	100.50	99.30
Jan	99.85	109.25	0	0
Feb	99.40	98.80	0	0
Mar	98.90	98.40	98.70	98.30
Apr	98.40	97.90	0	0
May	97.90	97.45	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Sep	21.49	21.32	21.55	21.33
Oct	21.44	21.29	21.52	21.30
Nov	21.36	21.22	21.43	21.23
Dec	21.26	21.12	21.32	21.12
Feb	21 03	20 86	21.05	20.91
Mar	20.85	20.73	20.84	20.73
Apr	20.70	20.61	20.70	20.70
May	20.59	20.53	20.59	20.59
Jun	20.60	20.48	20.55	20.50

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	6020	5980	6040	5995
Oct	6120	6079	6140	6090
Nov	6230	6182	6240	6205
Dec	6325	6275	6330	6285
Jan	6330	6294	6340	6320
Mar	5955	5904	5965	5950
Jun	5648	5670	5725	5585

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1069	1071	1097	1055
Dec	1149	1130	1158	1115
Mar	1166	1172	1190	1155
May	1218	1200	1210	1168
Jul	1235	1225	1235	1209
Sep	1260	1248	1250	1250
Dec	1295	1263	1280	1263
Mar	1335	1313	1320	1315
May	1360	1338	0	0
Jul	1395	1373	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	82.90	82.55	83.35	82.10
Dec	86.40	86.05	86.80	85.65
Mar	89.50	89.15	90.00	88.90
May	91.70	91 40	91.80	91.00
Jul	93.75	93.60	93.80	93.25
Sep	96.40	95.75	96.00	96.00
Dec	99 00	98.40	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.56	9.59	9.62	9.49
Mar	8.91	8.94	8.95	8.84
May	8.86	8.86	8.89	8 82
Jul	8.86	8 83	8.86	8.84
Oct	8.69	8.90	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	69 81	71.40	70.00	69.25
Dec	69.74	72.15	69 99	69.42
Mar	70.86	72.65	71.30	70 85
May	71.75	68 63	71.90	71.67
Jul	72.45	67.90	72.40	72.40
Oct	66.73	0	66.60	66.60

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	117.65	117 50	118.90	117.50
Nov	117.65	116 50	118.30	116.75
Jan	116.40	115.50	117.20	116.00
Mar	117.00	117.00	117.90	117.00
Jul	117.25	117.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug.5	Aug. 2	mnth ago	yr ago
1700.8	1706.3	1729.7	1762.8

DOW JONES (Base: Dec. 31 1974 = 100)				
	Aug.2	Aug. 1	mnth ago	yr ago
Spot	121.93	121.84	127.82	131.84
Futures	123.69	124.17	123.82	131.47

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	591/4	537/0	614/0	590/0
Sep	612/6	642/6	618/4	612/6
Nov	617/4	647/4	627/4	617/4
Jan	627/4	657/4	637/0	627/4
Mar	633/4	663/4	646/0	633/4
May	638/0	668/0	651/0	638/0
Jul	636/0	666/0	653/0	636/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	21.64	22.57	22.20	21.63
Sep	21.76	22.71	22.40	21.75
Oct	21.92	22.86	22.50	21.86
Dec	22.28	23.27	22.99	22.27
Jan	22.42	23.38	23.20	22.42
Mar	22.72	23.65	23.36	22.72
May	22.96	23.76	23.60	22.98
Jul	23.15	24.00	23.85	23.15
Sep	23.60	0	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	185.2	195.5	190.5	185.0
Sep	185.0	195.0	188.5	185.0
Oct	184.7	194.7	187.5	184.7
Dec	185.7	195.7	188.5	185.7
Jan	186.0	196.0	188.5	186.0
Mar	186.5	196.5	188.5	186.5
May	184.5	194.0	189.0	184.5
Jul	185.5	195.5	189.0	185.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	252/2	262/2	258/0	252/2
Dec	258/4	268/4	264/0	258/4
Mar	265/0	275/0	270/0	265/0
May	268/2	278/2	273/2	268/2
Jul	270/2	280/0	275/2	270/0
Sep	258/2	262/0	261/4	258/0
Dec	251/4	255/4	256/0	251/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	290/6	298/0	294/4	289/0
Dec	304/2	310/6	308/4	302/6
Mar	310/0	315/6	314/4	308/4
May	307/4	314/0	311/0	306/2
Jul	289/6	306/0	303/0	296/4
Sep	305/0	311/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	69.67	69.90	70.40	69.65
Oct	72.67	72.82	73.30	72.52
Dec	74.47	74.60	74.90	74.22
Feb	74.00	74.37	74.50	73.85
Apr	74.55	74.90	75.20	74.55
Jun	73.15	73.35	73.50	72.75
Aug	72.10	72.25	72.30	72.10

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Aug	52.87	52.20	52.70	52.02
Oct	43.52	43.75	43.95	43.25
Dec	43.65	43 82	44.10	43.50
Feb	44.15	44.40	44.50	43.85
Apr	42.72	42.80	43.20	42.70
Jun	47.15	47.05	47.25	47.15
Jul	47.45	47.55	47.65	47.30
Aug	46.00	46.00	46.00	45.90

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	42.77	43.32	43.55	42.70
Feb	47.62	49.62	49.00	47.62
Mar	47.22	49.20	48.70	47.20
May	48.10	50.00	48.80	48.10
Jul	50.00	52.00	50.50	50.00
Aug	46.52	48.52	48.42	46.52

LONDON STOCK EXCHANGE

Footsie gives ground in thin trading

By Terry Byland, UK Stock Market Editor

UNCERTAINTY over prospects for German interest rates unsettled a UK stock market fast sinking into holiday torpor yesterday. Lacking its recent support from the stock index futures sector, the FT-SE Index soon abandoned the 2,600 area reached on Friday and, further upset by Wall Street's loss of the Dow 3,000 level early in the new session, London closed more than 16 points off on the day.

The best that could be said of yesterday's trading session was that equity volume was too light to indicate a significant trend. The Seaq electronic network reported turnover of only 333.6m shares, the lowest daily total since July 8, and sharply down on the 479m shares traded on Friday.

At the close, the FT-SE Index was 16.3 lower at 2,585.4. Having started the day lower, the Footsie climbed briefly to 2,606 before turning down again to show a loss of around eight points as Wall Street opened. With the Dow 8.50 off in London hours, and international blue chips weakened by a fall in the dollar, the London market was flat at the close of trading.

Account Dealing Dates		
*First Dealings:		
Jul 29	Aug 12	Sep 2
Option Declarations:		
Aug 8	Aug 29	Sep 12
Last Dealings:		
Aug 9	Aug 30	Sep 13
Account Day:		
Aug 19	Sep 9	Sep 23

*New-time dealings may take place from 8.30 am two business days earlier.

Views in the City on the outlook for the domestic economy were still mixed, and, with a further batch of important company results due this week, the market was in a cautious mood. Comments last weekend from both the investment press and brokerage analysts focused on the possibility that a tightening of policy by the Bundesbank when it meets next week may restrict the timing of the next round of cuts in UK base rates.

Uncertainty over the domestic economy was heightened when Tesco, a leading UK food supermarket group, cut prices heavily on a wide range of products, opening up fears that the traditional mid-summer marketing programme might fuel the already vigorous price war in Britain's high streets.

The rest of the consumer sectors also suffered losses while construction stocks, also casualties of high interest rates in the UK, remained depressed. The market was still unsettled by last week's bearish report from the Confederation of British Industry.

However, the banks, where National Westminster will today complete the interim reporting season at the UK clearing banks, performed well, with the equity market still taking a relatively favourable view of the profits statements from the Big Four.

Dollar-earning stocks, although not heavily traded early in the session, began to crumble in late dealings as Wall Street reacted to weakness in the US currency. Oil shares drifted lower and Glaxo gave back some of its recent gains.

Equity strategists at several London-based firms suggested that the London market was merely flirting with the Footsie 2,600 mark at present. At Nikko Securities, Mr Peter Thorne sees a new trading range of FT-SE 2,550 – 2,650 and expects August to be a particularly testing month when, "as we expect, the Germans raise interest rates by 0.5 per cent." Against this backcloth, he believes that the market's recent optimism may prove premature.

Similar views are held at Kleinwort Benson Securities where Mr Anthony Thomas said it is "fairly clear" that a rise in German discount rate is inevitable, although he is not sure whether the more important Lombard rate will also be raised.

FINANCIAL TIMES STOCK INDICES

	Aug 5	Aug 2	Aug 1	July 31	July 30	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.85	85.33	85.09	84.98	84.78	77.98	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.01	93.89	93.83	94.04	93.98	88.13	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1999.4	2014.6	2006.7	2003.9	2011.8	1731.9	2014.6 (2/8)	1606.3 (16/1)	2014.6 (2/8/91)	49.4 (26/6/40)
Gold Mines	177.1	180.7	189.2	186.0	181.2	197.8	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2585.4	2601.7	2591.7	2588.8	2595.6	2220.2	2601.7 (2/8)	2054.8 (16/1)	2601.7 (2/8/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1174.63	1178.49	1174.74	1171.00	1172.16	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div Yield	4.74	4.70	4.72	4.72	4.70	5.40				
●Earning Yld %(full)	8.15	8.09	8.11	8.12	8.07	11.71				
●P/E Ratio(Net)(☆)	15.16	15.27	15.23	15.20	15.31	10.38				
SEAQ Bargns 4.45pm	25,856	27,358	28,549	28,625	31,496	27,778				
Equity Turnover(£m)†	-	911.63	914.08	855.37	1137.68	1053.12				
Equity Bargains†	-	27,838	27,204	29,668	33,137	26,927				
Shares Traded (ml)†	-	412.2	416.3	374.0	477.0	495.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 14.50

Ordinary Share Index, Hourly changes Day's High 2016.9 Day's Low 1999.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2014.6	2011.3	2008.6	2004.4	2005.5	2004.1	2005.2	2003.4	2001.4

FT-SE 100, Hourly changes Day's High 2606.0 Day's Low 2585.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2599.1	2605.9	2597.4	2594.4	2594.7	2593.8	2594.5	2592.5	2588.1

FT-SE Eurotrack 200, Hourly changes Day's High 1179.33 Day's Low 1172.44

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1175.40	1174.97	1175.20	1173.83	1174.00	1174.29	1175.29

GILT EDGED ACTIVITY

Indices*	Aug 2	Aug 1
Gilt Edged Bargains	91.1	79.5
5 – Day average	78.9	77.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

Tesco upsets sector

FOOD retailing shares were marked lower as fears re-emerged that the major supermarket chains are about to embark on a damaging price war.

Tesco lost 5 to 279p, J. Sainsbury declined 6 to 374p, Asda shed 4 to 90p and Argyll retreated 5 to 309p after Tesco, the UK's largest food retailer, announced price cuts of up to 50 per cent in a one-month campaign across 500 products.

The market was already fearful of a price war breaking out after Gateway announced just over a week ago that it would convert one of its larger supermarkets into a discount store.

After the initial marking down, however, food retailing shares stabilised as it emerged that other supermarket groups were unlikely to bring forward their own promotional plans.

While Tesco's campaign will intensify competition among the major supermarkets, it is viewed by most food specialists as a response to disappointing trading caused by the cooler summer weather rather than as the first shot in a price war.

Furthermore, Tesco's profits will be unaffected if, as many analysts suspect, it is able to persuade its suppliers to bear the cost of its price reductions.

Hawker upset

Hawker Siddeley fell by 18 to 579p on a press report that the company's restructuring plan, designed to streamline the group's seven divisions into three, had been halted by the recession. However, turnover of 409,000 shares was no more than average.

Analysts were not surprised by the report and one said: "It will take a long time to restructure this business. It cannot be done in a hurry. I believe the restructuring will gather pace when the environment is more friendly."

Hawker has risen in recent weeks on speculation that the company could become a bid target.

Thorn hold firm

Thorn EMI held firm at 771p against the market trend as analysts examined the purchase of 30 per cent of entertainment company Really Useful Group by PolyGram, part of Dutch electrical giant Philips. The price paid, of at least £78m, implied much higher profit and turnover multiple than in recent takeovers in the music business.

Analysts conceded that the material for which Really Useful owns copyright is likely to have a longer earning life than most copyrighted popular music. They argued nevertheless that the price paid represented more than double the rating given to any other music company. Thorn's music operations turn over more than £1bn and account for 38 per cent of group profits.

The continued strengthening of sterling against the dollar, up almost 1½ cents at $1.71, took its toll of international stocks. Sentiment was also unsettled by a sale over the weekend of 5m Hanson at 211p, reputedly by a UK institution. Hanson yesterday dipped 3½ to 209p. Profit-taking knocked Glaxo down 18 to 1277p, while ICI receded 12 to 1328p.

SmithKline Beecham, up 2 at 775p, and Reuters, unchanged at 815p, were exceptions. The former underperformed last week and sellers were absent yesterday. The latter continued to benefit from a string of brokers' buy recommendations that followed presentations in London and New York. The latest to add its name to the list of last week's buy note issuers was Hoare Govett.

The platinum price remained in the doldrums and Lonrho shares lost another 3 to 245p.

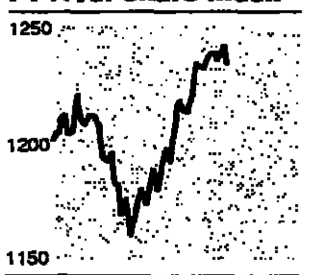
Banks were firm as they took their cue from Midland's underlying interim results announced last Friday. Midland, which Mr Robert Law of Lehman Brothers highlighted as "the sector's most highly geared recovery play", picked up 4 to 232p on healthy volume of 6.6m shares.

NatWest was the best performer in the FT-SE 100 Index. The shares ended 6 better at 329p on a turnover of 4.1m even though the shadow of a rights issue hangs over the results, due to be released today. The bank is expected to reveal profits down from £430m to around £50m.

The feeling that there may be more recovery potential in the sector also prompted a jump in Standard Chartered, which is to report half-year results tomorrow. The shares, which have underperformed recently, rose 12 to 375p. Mr Michael Lever of Smith New Court said the underlying results would be better than those of the big four as the bank was not strongly exposed to the problems of small businesses and the yield was expected to be reasonable.

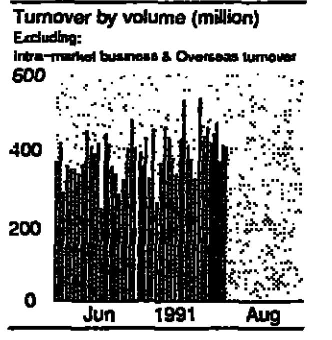
Abbey National gained 2 to 302p in spite of a number of bearish circulars from analysts, and Barclays, which disappointed observers with its figures last week, firmed a penny to 462p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Insurers were down ahead of the opening of their reporting season. However, the falls reflected technical correction of the bounce at the end of last week rather than a general market view on the sector. Experts feel that the bad news is already in the price, although Commercial Union, which announces results tomorrow, may well set a trend. CU (down 9 at 527p) is expected to report a loss but the interest is on what will happen to the dividend. Mr Chris Hitchings of Hoare Govett believes it will be held but argues that it could be lifted slightly to signal confidence.

Sun Alliance, which Mr Hitchings sees as the most likely candidate for a raised dividend, slipped 7 to 378p, and Royal Insurance was down 5 to 410p. Guardian Royal Exchange, which was unaffected by last week's bounce, eased 2 to 181p.

Cadbury Schweppes shed 6 to 363p on renewed speculation that the Monopolies and Mergers Commission was about to publish its report into the carbonated soft drinks industry.

Turnover in Burton nil-paid shares swelled to 17m as several lines of stock were absorbed. The nil-paid closed 1½ off at 1½p, while Burton ordinary eased 2 to 31p.

Some second-line issues were firm as they attracted attention in the wake of the recent rises in Footsie stocks. Bathrooms and kitchens company Spring Ram picked up 2 to 114p, reflecting a £2.5m disposal to Polypipe (unchanged at 171p). USM-quoted restaurant chain Pelican responded to favourable press comment and gained 5 to 26p. Reject Shop, another USM stock, rose 4 to 81p in spite of the grim conditions on the high street. Shoprite, the Isle of Man-based food retailer, put on 7 to 371p.

Television contractor TVS Entertainment slipped 3 to 40p, its lowest level for more than five years, after the company warned it would post an interim loss. The board blamed falling advertising revenues.

USM-quoted TV-am lost an early gain to end a penny off at 110p, its lowest since December 1987. Just before the close of trade, 1.6m TV-am shares, or 2.4 per cent of the equity, changed hands at 105p.

Slow trading in the hotels business prompted Hoare Govett to trim its profits forecasts for Queen's Moat Houses (unchanged at 80p) and Ladbroke (down 3 at 266p). Next year's profits from Queen's Moat are now estimated at £113m, revised from £120m, and Ladbroke's figure is cut from £290m to £266m.

Buckingham, the hotel group once called Leisuretime, firmed 3 to 28p as the Jivraj family vehicle, Naaz Holdings, revealed it had bought 1m shares (0.8 per cent). The Naaz stake is now 29.29 per cent.

Grand Metropolitan was one of the few stocks in the drinks sector to show a gain on the day. It was 6 better at one stage before ending a net penny up at 788p. US credit rating agency Moody's upgraded the debt ratings of three of GrandMet's subsidiaries.

BAA shed 6½ to 433½p ahead of today's annual meeting, while British Airways was steady at 177p awaiting first-quarter results tomorrow and on talk that a US broker had issued a positive note.

Recent statistics showing a sharp fall in building material deliveries, interest rate worries and profit-taking variously affected building issues. RMC declined 10 to 656p and Redland was down 9 at 558p.

BBA Group eased 3 to 131p after reporting a 45 per cent decline in half-time profits to £26.1m.

MARKET REPORTERS:
Daniel Green, Peter John,
Joel Kibazo,
Jim McCallum.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 22.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	10	508	-5	Cookson	750	136	-2	Lucas	530	138	-2	Seaboard	0	197	-2
ASDA Group	3,400	90	-4	Courtaulds	240	436	-4	MB Caradon	139	237	-1	Severn Trent Water	666	328	-1
Abbey National	1,500	302	+2	Dalgety	130	421	-2	MEPC	135	473		Shell Transport	1,600	531	-6
Albert Fisher	8,300	114	-1	De La Rue	84	448	+3	Manweb	29	246	-3	Siebe	919	493	-5
Allied-Lyons	640	583	-2	Dixons	931	242	-2	Marks & Spencer	1,800	274	-3	Slough Ests	1,000	258	-1
Amstrad	1,300	50½	+1	ECC Group	17	453	-1	Maxwell Comms.	1,200	198½	-½	Smith (W.H.) A	500	436	-6
Anglian Water	265	362	-3	Eastern Elect.	170	175	-2	Midland Bank	6,600	232	+4	Smith & Nephew	1,200	133½	-2
Argos	129	325		East Midland Elect.	91	199	-2	Midlands Elect.	58	200	-1	SmKl Beecham	838	775	+2
Argyll Group	4,000	309	-5	Enterprise Oil	422	523	-3	NFC	3,300	184½	+½	SmKl Beecham Uts.	147	3365	+15
Arjo Wiggins	1,100	284	-1	Eurotunnel Units	574	444	-1	NatWest Bank	4,100	329	+6	Smiths Inds.	282	264	-3
Ass. Brit. Foods	418	541	-4	FKI	327	65	-1	National Power	3,400	153	+1	Southern Elect.	292	186	-1
BAA	554	433½	-6½	Ferranti	1,400	8	+½	Next	3,600	34½	-2	South Wales Elect.	146	237	-2
BAT Inds	968	737	-9	Fisons	995	420	-4	North West Water	617	362	+4	South West Water	352	335	+1
BET	2,300	213		Forte	1,000	271		Northern Elect.	68	199	-1	South West. Elect.	31	198	-2
BICC	305	454	-1	Gen. Accident	1,000	568	-4	Northern Foods	598	509	-3	Southern Water	473	316	
BOC	905	585	-4	General Elect.	4,600	189	-1	Norweb	428	207	-1	Standard Chartd.	1,100	375	+12
BPB Inds.	285	197	-2	Glaxo	1,100	1277	-18	Pearson	86	753		Storehouse	1,000	109	-1
BTR	3,500	422	-3	Glynwed Int.	151	325	-5	P & O	596	588	-6	Sun Alliance	7,100	378	-7
Bank of Scotland	187	118	+½	Granada	575	149	-1	Pilkington	503	154	-1	T&N	47	158	
Barclays	989	462	+1	Grand Met	587	788	+1	PowerGen	3,300	156	+1	TI Group	91	562	-1
Bass	501	917	+1	GUS A	133	1345	-10	Prudential	1,800	251	-2	TSB	3,700	148½	+2
Beazer	417	80	-3	GRE	1,000	181	-2	RHM	834	289	-1	Tarmac	787	227	-2
Berisford Int.	15	38		GKN	140	339	-4	RMC	907	656	-10	Tate & Lyle	1,400	392	-1
Blue Circle	1,100	285	-1	Guinness	887	983		RTZ	325	585	-3	Taylor Woodrow	221	225	-5
Booker	34	484	-1	Hammerson 'A'	27	507		Racal	1,600	212	-5	Tesco	7,100	279	-5
Boots	894	415	-2	Hanson	3,400	209	-3½	Racal Telecom	295	338	-6	Thames Water	1,400	370	-2
Bowater	245	659	+3	Hanson Warrants	458	32	-1	Rank Org.	297	679	-3	Thorn EMI	565	771	
Brit. Aerospace	1,100	575	-4	Harrisons Crosfield	1,700	162	-3	Reckitt & Colman	138	687	-2	Tomkins	384	377	+1
British Airways	673	177		Hawker Sidd	409	579	-18	Redland	449	558	-9	Trafalgar House	1,400	217	-3
British Gas	5,800	258	+1	Hillsdown	843	231	-5	Reed Intl	451	443	-6	Ultramar	1,400	276	-3
British Land	156	293	-1	IMI	435	248	+1	Rentokil	13	343	+1	Unigate	153	297	-1
BP	2,200	343	-3½	ICI	1,000	1328	-12	Reuters	619	815		Unilever	1,900	768	-3
British Steel	1,600	122		Inchcape	750	379	-4	Rolls Royce	863	167	-½	United Biscuits	864	392	-5
British Telecom	2,400	385	-2	Kingfisher	389	540		Rothmans	278	1065		Utd. Newspapers	295	368	
Burzl	2,500	98	+2	Ladbroke	904	266	-3	Ryl Bk Scotland	1,200	186	-2	Wellcome	311	719	-4
Burmah Castrol	92	568		Land Securities	725	510	+1	Royal Insurance	1,000	410	-5	Welsh Water	385	361	-2
Burton	4,600	31	-2	Laporte	94	551	-1	Saatchi	319	17	-¼	Wessex Water	351	376	+3
Cable & Wire	846	575	+1	Legal & General	817	446	+3	Sainsbury	3,200	374	-6	Whitbread 'A'	747	500	-6
Cadburys	1,800	363	-6	Lloyds Abbey	571	426	+1	Scottish & New	363	416	-1	Williams Hldgs.	532	327	
Calor Group	108	228	+1	Lloyds Bank	1,500	379	+2	Scot. Hydro-Elect.	989	115½	-1	Willis Corroon	708	315	-4
Carlton Comms.	504	482	+2	LASMO	182	330	-5	Scottish Power	2,600	107	-½	Wimpey	65	177	-2
Coats Viyella	2,000	170	-3	London Elect.	549	191	-2	Sears	1,700	80	-1	Yorkshire Elect.	272	335	-3
Comm. Union	628	527	-9	Lonrho	856	245	-3	Sedgwick	388	263	-4	Yorkshire Water	523	374	-2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE FUTURES market's premium over the spot FT-SE index narrowed by a third yesterday as economic concern came to the fore, writes Jim McCallum.

The widely reported comments by leading industrialists rejecting suggestions of an early end to the recession, backed up by recent company results, weighed on sentiment.

Instead of the September FT-SE commanding the 40-point premium to the spot index of last week, it spent much of the session at just over 30 points.

However, with the fair value premium still at 20 points, yesterday's move suggests an easing of optimistic sentiment rather than any definite move to the bear tack.

Furthermore, if the premium continues to narrow the futures market will be supported by the unwinding of basket trades – as investors buy futures and sell shares.

September FT-SE closed at 2,623, down 15 points on the day. In after-hours' dealing it slipped to 2,615. The premium finished at 35 points.

In the options market, a buyer of 200 Midland Bank December 220 calls and 1,000 Hanson August 220 calls boosted turnover. A buyer of 200 Glaxo September 1300 puts depressed the shares.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (87).
BRITISH FUNDS (13) Treas. 8pc 1992, Treas. 3pc 1992, Treas. 8¾pc 1993, Treas. 10pc 1993, Fd. 6pc 1993, Treas. 8½pc 1994, Treas. 9pc 1994, Treas. 9pc 1992-96, Cnv. 10pc 1996 B, Treas. 6¾pc 1995-98, Fd. 3½pc 1999-04, Treas. 2pc IL 1992, Treas. 2pc IL 1994, INT.BANK & O'SEAS GOVT. STLG. ISSUES (4) African Dev. 11¼pc 2010, Asian Dev 10¼pc 2009, Intl-Amer. Dev. 12½pc 2003, Do 9¼pc 2015, FOREIGN BONDS (1) Hydro Quebec 15pc 2011, CANADIANS (2) Brascan, Sonora Gold, BANKS (4) Schroders, Do. N/V, Warburg (SG), Do. 8pc Cnv. Prf., CHEMICALS (2) Blagden Inds., Cambridge Isotope STORES (3) Courts, Hogg Robinson, Reject Shop, ELECTRICALS (3) Domino Printing, Norbain, Prestwick, ENGINEERING (3) Fairey, SKF AB, Weir, FOODS (3) Bensons Crisps, Iceland Frozen, Shoprite, INDUSTRIALS (20) Assoc. British Ports., BET, BSS, Copymore, De La Rue, ISS-Intl. Service Sys. B, Johnson Cleaners, Kalon, ML Labrs., MY, Mining & Allied Suppliers, Paterson Zochonis, Do A NV, Portals, Reliance Secs., Silentnight, Spring Ram, Tomkins, Wolseley, Worthington, LEISURE (2) Border TV, Invicta Sound, MOTORS (2) ERF, Vardy (R), PAPERS (1) API, PROPERTY (1) Brixton Ests., TEXTILES (2) Caldwell Invs., Sirdar, TRANSPORT (5) Bergesen d-y AS A, NFC, Tibbett & Britten, Tiphook, Transport Dev., TRUSTS (14) Alliance Tst., Foreign & Colonial, Gartmore Amer., I & S Optimum Inc. Zero Div Prf., India Fund, Merchants Tst., Korea-Europe, Pacific Assets, River & Merc. Stppd. Prf., Scot. Eastern, Scot. Nat. Stppd. Prf., TR European Growth Ptpg. Shrs., TR Technology Stppd. Prf., Templeton Emrg. Mkts. Wrrnts., OILS (1) Pan Pacific, MINES (1) Antofagasta.

NEW LOWS (47).
CANADIANS (2) Central Capital, Imperial Oil, BREWERS (2) Bass, Macallan-Glenlivet, BUILDINGS (2) Costain, Higgs & Hill, STORES (3) Burton, Usher (F), Wilding Office Equipment., ELECTRICALS (1) Ferranti Intl., ENGINEERING (1) Ransomes, FOODS (1) Regina Health, HOTELS (1) Savoy A, INDUSTRIALS (4) Barrett (H), Clayhithe, Jourdan (T), Nu-Swift, INSURANCE (2) Archer (A.J), FAI, LEISURE (2) Intl. Media Comms., TVS Entertainment, PAPERS (1) Kleerfold, PROPERTY (8) Clayform, Greycoat, Hanover Druce, London Secs. 8pc Prf., Mountleigh, Do. 5.25pc Prf., TRUSTS (15) Drayton Cons., Drayton English & Intl., Do. Wrrnts., First Spanish Wrrnts., French Property, Do. Wrrnts., German Smlr. Wrrnts., Jupiter European Wrrnts., Melville St. Wrrnts., Murray Ventures, New Frontiers Dev., Rutland, Sumit, OILS (5) Explr. Co. Of Louisiana, Goal, Kelt Energy, Trident, XCL, MINES (1) Cluff Oil Wrrnts.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100¼	99⅞	Exch. 11pc 1991	100	.....	11.00	[illegible]
99⅞	96⅞	Treas. 8pc 1991	99⅞	.....	8.07	[illegible]
101¼	100⅛	Treas 12¾pc 1992‡‡	100⅞	.....	12.63	[illegible]
99⅞	97⅞	Treas 10pc 1992	99⅞xd	+⅛	10.02	[illegible]
98⅞	95⅞	Treas. 8pc 1992 ‡‡	98⅞	+⅛	8.12	[illegible]
100⅞	98½	Treas 10½pc Cv 1992‡‡	100⅞	+⅛	10.49	[illegible]
95⅞	91⅞	Treas. 3pc 1992	95⅞	+⅛	3.13	[illegible]
102⅞	100⅛	Exch. 12¼pc '92	102⅛xd	+⅛	12.00	[illegible]
104¼	102⅞	Exch 13½pc 1992	103⅛	+⅛	13.06	[illegible]
97⅞	94	Treas 8¾pc 1993	97⅞xd	+⅛	8.47	[illegible]
99⅞	97⅞	Treas 10pc 1993‡‡	99⅞	+⅛	10.02	[illegible]
104⅞	102¼	Treas 12½pc 1993‡‡	104⅞	+⅛	12.01	[illegible]
93⅞	89⅝	Funding 6pc 1993‡‡	93⅞	+⅛	6.40	[illegible]
108⅞	105⅝	Treas 13¾pc 1993‡‡	107⅝	+⅛	12.84	[illegible]
96⅞	92⅞	Treas. 8½pc 1994	96⅞	+⅛	8.80	[illegible]
111⅞	108⅞	Treas 14½pc 1994‡‡	109⅞xd	+⅛	13.21	[illegible]
109	105⅞	Exch 13½pc 1994	107⅞	+⅛	12.51	[illegible]
99⅞	96⅞	Treas. 10pc Ln. 1994‡‡	99⅞	+⅛	10.01	[illegible]
106⅞	103⅞	Exch 12½pc 1994	106⅛xd	+⅛	11.78	[illegible]
96⅞	93¼	Treas 9pc 1994‡‡	96⅞	+⅛	9.28	[illegible]
106⅞	102⅞	Treas 12pc 1995	105⅞	+⅛	11.39	[illegible]
89	82¼	Exch 3pc Gas 90-95	86¼	.....	3.48	[illegible]
100⅞	96⅞	Exch. 10¼pc 1995	100⅞	+⅛	10.21	[illegible]
109⅞	105⅞	Treas 12¾pc 1995‡‡	108⅞	+⅛	11.72	[illegible]
113⅞	109⅞	Treas. 14pc '96	112⅝	+⅛	12.43	[illegible]
97⅞	92⅞	Treas. 9pc 1992-96‡‡	97⅞	+⅛	9.28	[illegible]
119⅞	115⅞	Treas 15¼pc 1996‡‡	117⅞	+⅛	12.93	[illegible]
112¼	108	Exch 13¼pc 1996‡‡	110⅞	+⅛	11.95	[illegible]

Five to Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100¼	95⅞	Conversion 10pc 1996	99⅞	+⅛	10.04	10.09
99⅞	97¼	Do. 10pc 1996 B	99⅞	+⅛	10.11	10.26
113⅞	108⅞	Treas 13¼pc 1997‡‡	112⅞	+⅛	11.82	10.28
102⅞	97¼	Exch 10½pc 1997	101½xd	+⅛	10.34	10.12
94⅞	89⅞	Treas 8¾pc 1997‡‡	94⅞xd	+⅛	9.29	10.05
122⅞	117	Exch 15pc 1997	120¾	+⅛	12.44	10.39
98⅞	93⅞	Exch. 9¾pc 1998	98⅞	+⅛	9.92	10.09
86⅞	80⅝	Treas 6¾pc 1995-98‡‡	86⅞	+⅛	7.82	9.54
127⅞	121¼	Treas. 15½pc '98‡‡	125⅞	+⅛	12.31	10.26
109⅞	104⅛	Exch. 12pc 1998	109⅛	+⅛	10.99	10.17
97⅞	92⅞	Treas 9½pc 1999‡‡	97⅞	+⅛	9.72	9.93
111⅞	105⅞	Exch. 12¼pc 1999	110⅞	+⅛	11.08	10.21
102⅞	97⅞	Treas. 10½pc 1999	102⅞	+⅛	10.28	10.08
101¼	95⅞	Conversion 10¼pc 1999	100⅞	+⅛	10.16	10.08
94⅞	89⅞	Conversion 9pc 2000‡‡	94⅞xd	+⅛	9.49	9.91
116⅞	110½	Treas. 13pc 2000	115⅞	+⅛	11.24	10.26
100¼	94⅞	Treas 10pc 2001	100xd	+⅛	10.00	9.99
118⅞	113⅞	Treas. 14pc '98-01	117⅞	+⅛	11.93	10.35
98⅞	92⅞	Treas 9¾pc 2002	98⅞xd	+⅛	9.92	10.01
100⅞	94⅞	Treas 10pc 2003	100⅛xd	+⅛	9.98	9.97

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
108¼	102	Treas. 11½pc 2001–04	107⅞	+¼	10.68	10.21
59⅞	53⅞	Funding 3½pc '99-04	59⅞	+⅛	5.88	8.79
97⅞	90⅞	Conversion 9½pc 2004	96⅞	+⅛	9.81	9.93

Over Fifteen Years

Undated

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or -	(1)	(2)
131⅞	125⅞	Tr 2pc '92‡‡	(97.8)	131⅞	+⅛	0.28	4.38
118⅞	115⅞	Do. 2 '94	(102.9)	118⅞	+⅛	3.19	4.62
172⅞	168⅞	Do. 2pc '96	(67.9)	171⅞	+⅛	3.89	4.41
142⅞	137⅞	Do 2½pc '01	(78.3)	141⅞	+⅛	4.08	4.37
138⅞	133	Do. 2½pc '03	(78.8)	137⅞	+⅛	4.14	4.40
140⅞	135	Do. 2pc '06	(69.5)	138⅞	+⅛	4.22	4.42
128⅞	124⅞	Do. 2½pc '09	(78.8)	126⅞	+⅛	4.24	4.42
132⅞	128⅞	Do. 2½pc '11	(74.6)	130⅞xd	+⅛	4.24	4.41
109⅞	105⅞	Do. 2½pc '13	(89.2)	107⅞xd	+⅛	4.24	4.40
117⅞	113⅞	Do. 2½pc '16	(81.6)	114⅞	+⅛	4.22	4.37
113⅞	109⅞	Do. 2½pc '20	(83.0)	110⅞	+⅛	4.19	4.33
95⅞	91⅞	Do 2½pc '24‡‡	(97.7)	92⅞	+⅛	4.14	4.26

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
103⅞	95⅞	African Dv Bk 11¼Ln 2010	103⅞	+1⅛	10.76	10.69
98⅞	91⅞	Asian Dev Bk 10¼pcLn2009	98⅞	+1¼	10.42	10.45
112⅞	105⅞	Inter-Am Dev Bk 12½pc 2003	112⅞	+1⅛	11.13	10.59
92⅞	86⅞	Do 9¼pcLn 2015	92⅞	+½	10.51	10.57

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
104½	102	N'wide Anglia 3¾pc Ln 2021	103½	.....		5.50
107	104	Do. 4 25pcIL '24	105	.....		5.16

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do 6pc 28 Stb. Ass.	58	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2 75	f3.57
128¼	120⅞	Hydro Quebec 15pc 2011	128¼	+⅛	12 89	11.36

Continued on next page

APPOINTMENTS

Unilever speciality chemicals change

■ Mr Wallace Grubman, the director responsible for UNILEVER's worldwide speciality chemicals operations, retires from the board on December 31. He has been a director of Unilever since 1986. Mr Grubman has been elected a non-executive director of Courtaulds from December 1, and is a consultant to the board and past director of United National Bancorp of New Jersey. Dr Iain Anderson, currently corporate development director, will assume responsibility for the group's chemicals operations on Mr Grubman's retirement.

■ Mr Michael Ross has joined BARING BROTHERS & CO as a director. He was with Smith Barney, and Lazard Brothers.

■ ARCON ALUMINIUM, Telford, has promoted Mr Ken Smith to manufacturing director, and Mr John Roberts to operations director.

■ BET PLANT SERVICES has promoted Mr Andy Morton to managing director of HAT Painting. Mr Antony R.L. Carr becomes chief executive of Lorne Stewart from October 1 in addition to his post as chairman. He succeeds Mr Leonard S. Douglas who is retiring.

■ BROWN SHIPLEY ASSET MANAGEMENT has appointed as directors Mr Toby de Lotbiniere, Mr Trevor Cooke, Mr Philip Oliver and Mr Andrew Meiklejohn. The appointments follow the acquisition of CIBC Investment Management in June.

■ MODO PAPER UK, a subsidiary of MoDo Paper of Sweden, has appointed Mr Derek Graham (pictured) to the board. He also becomes chief executive of MoDo Paper, a specialist division supplying the commercial and in-plant print market. He was with Mercuri International (UK), a sales training company.

■ Mr Nicholas Prettejohn has joined THE MMG PATRICOF GROUP as a director of Alan Patricof Associates. He was a vice president at Bain & Co.

■ SECURICOR OMEGA EXPRESS has appointed Mr Keith Miller as general manager (UK), responsible for the operation of the parcels business.

■ Mr Peter Walsh has been appointed chairman of the West Midlands region of BRITISH GAS. He was group director of finance at headquarters.

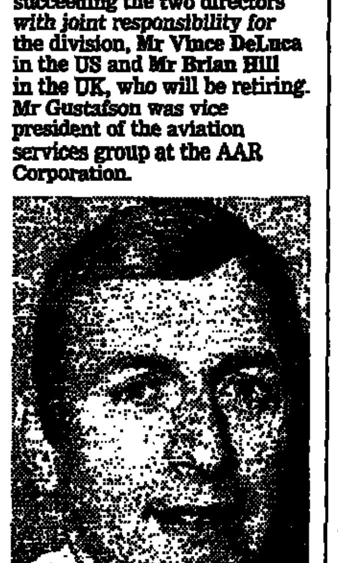
Roy Watts becomes chairman of IBC

■ Mr Roy Watts has become non-executive chairman of INTERNATIONAL BUSINESS COMMUNICATIONS (HOLDINGS). He is chairman of Thames Water, of Lowndes Lambert Group (Holdings), and of Frank Graham Consulting Engineers, and has been chief executive and group managing director of British Airways. Mr Don de Groot is stepping down as chairman of IBC, but will remain a non-executive director. Ms Mallory Barker, managing director of IBC UK conferences division, and Mr Joop van Lotringen, managing director of Euroform, IBC's Dutch and German subsidiary, join the main board.

■ EVANS MEDICAL, Horsham, part of Medeva, has appointed Mr John Ferguson as managing director. He joins from Knoll, pharmaceutical subsidiary of BASF.

BBA Group senior post

■ BBA GROUP has appointed Mr Bob Gustafson as chief executive, aviation manufacturing and engineering division, succeeding the two directors with joint responsibility for the division, Mr Vince DeLuca in the US and Mr Brian Hill in the UK, who will be retiring. Mr Gustafson was vice president of the aviation services group at the AAR Corporation.



Mr Maurice McCullough (pictured) has been appointed group chief accountant at GUARDIAN ROYAL EXCHANGE. He was European finance and administration director of Morton International.

CONTRACTS & TENDERS

LONDON SHARE SERVICE

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories‡	32⅛	–⅛	$1.00	–	1.8
385p	257p	♥Allegheny & W 1c	295p	.....	30c	–	6.1
10⅛	667p	Amdahl 5c	858p	–28	10c	–	0.7
42¼	25¼	Amer. Cyanamid $5	38⅝	–⅜	$1.50	–	2.3
17⅜	9⅞	Amer. Express 60c	15¼	–½	92c	–	3.6
24½	15¼	American T. & T. $1	23⅝	–¼	$1.32	–	3.3
38⅝	32½	Ameritech $1	35⅝	–½	$3.40	–	5.6
24	12⅝	BankAmerica $1	20⅞	–⅜	$1.20	–	3.5
34¼	20⅛	Bankers N.Y. $1	34⅛	–⅛	$1.52	–	8.4
30½	24¼	Bell Atlantic $1	27⅞	–½	$2.52	–	5.3
31¼	25	BellSouth Corp.	28½	–¼	$2.76	–	5.7
11¼	6⅞	♥Bethlehem Steel $8	10⅛	–½	40c	–	2.3
1839p	1046p	Bowater Inc.	1507p	–9	$1.20	–	4.7
9½	4½	Brunswick 75c	8⅝	–⅛	44c	–	2.9
54	37⅝	CPC Intnl. 25c	51⅝	–⅛	$2.00	–	2.3
852p	420p	California Engy	826p	.....	–	–	–
50	28¼	Campbell Soup 15c	47¼	–⅜	$1.16	–	1.5
12⅝	5⅞	Chase Manhattan $12½	11⅞	–¼	$1.20	–	6.4
9⅞	5½	Chrysler $6¼	8⅞	+⅛	60c	–	4.3
10⅝	5⅞	Citicorp $1	8⅝	–⅛	$1.00	–	7.1
25	21⅞	Colgate-Palmolive $1	23¼	–⅞	$1.06	–	2.7
845p	438p	Cont'l Bank Corp $4	783p	–20	$1.00	–	7.5
21⅝	13⅝	Dana Corp. $1	19⅝	–⅞	$1.60	–	4.9
1106p	203p	Data General	990p	–30	–	–	–
22¼	12⅞	Dial Crop. $1.5	20⅞	–1	$1.40	–	4.1
29⅝	20¼	Dun & Bradstreet $1	26¼	–½	$2.16	–	4.8
40	24¼	Eaton Corpn. 50c	37⅞	–1	$2.20	–	–
8½	5½	Echlin Inc.	7⅝	–⅛	70c	–	5.2
19⅝	14⅞	FPL Group 1c	18⅞	–⅛	$2.40	–	7.5
30⅝	17⅞	Fluor Corp 62½pc	26⅞	–⅜	32c	–	0.7
23¼	13½	Ford Motor $1	19¼	–⅜	$1.60	–	3.1
46⅝	28⅞	Gen. Elect. 63c	42⅝	–⅜	$2.04	–	2.8
566p	270p	♥General Host Corp $1	458p	.....	34c	–	4.4
45¼	20⅞	Gillette $1	24⅛	–⅛	62c	–	1.5
18¼	794p	Hasbro Inc 50c	16⅞	–⅛	24c	–	0.8
38½	21¼	Honeywell $1½	34⅞	–¼	$1.50	–	2.5
23	17⅞	Houston Inds.‡	22¼	–⅛	$2.96	–	7.7
72⅝	55⅝	IBM Corpn $1¼	59⅝	–1⅛	$4.84	–	4.8
32½	18⅞	Ingersoll-Rand $2	30⅛	–¼	$1.32	–	2.6
28¼	16½	Lockheed Crpn. $1	27	–⅛	$1.80	–	3.9
2155p	1245p	Lowe's 50c	1987p	–46	56c	–	1.7
17⅝	9½	Manuf. Hanover $1	16⅞	–⅛	♦$3.28	–	11.5
26⅛	10⅞	Merrill Lynch $1	24⅞	–⅛	$1.00	–	2.4
33⅞	21⅝	Morgan (JP) $2½	30⅞	–½	$1.98	–	3.8
41½	25⅞	Morris (Philip)	40⅝	–⅛	$1.72	–	2.5
46¼	39	NYNEX $1	43¼	–1	$4.56	–	6.2
89p	30p	♥Pac. Agricultural	30p	.....	–	–	–
23⅞	11⅞	Pall Corp. 25c	21⅛	–⅛	h44c	–	1.2
46½	33¼	Pennzoil 83 1/3c	43⅛	–⅜	$3.00	–	4.1
40½	24⅞	Quaker Oats $5	36⅞	+⅛	$1.56	–	2.5
40¼	24⅝	Rep NY Corpn $5	38⅝	–⅛	$1.40	–	2.1
17⅞	12⅝	Rockwell Intl. $1	16	–⅛	86c	–	3.4
25⅞	12⅝	Sears, Roebuck 75c	24½	–⅛	$2.00	–	4.9
34¼	25⅝	Southwestern Bell $1	32	–¼	$2.84	–	5.2
20¼	14⅞	Sun Co. Inc. $1	17⅞	+⅛	$1.80	–	6.2
27¼	21¼	Tenneco $5	21⅞	+⅛	$3.20	–	8.2
40½	29⅛	Texaco $6.25	37⅝	–1¼	$3.20	–	5.0
26¼	17¼	Texas Instr. $1	20	–⅛	72c	–	2.1
*64½	37⅞	Time Warner $1	50¼	–1⅛	$1.00	–	1.2
16⅝	8⅞	TRINOVA Corp.	15¼	–¼	60c	–	2.6
510p	250p	♥Upilab	510p	.....	–	–	–
29¼	22½	Utd. Technologies	27⅞	–¼	$1.80	–	3.9
92p	42p	♥Utilitech Inc.	81p	.....	–	–	–
23	18¼	US West‡	21⅛	+¼	$2.08	–	5.7
162p	87½p	Varity Corp‡	140p	.....	$1.30	–	–
24⅞	16⅝	Waste Management $1	22⅞	+⅛	44c	–	1.2
2191p	1053p	Whirlpool $1	2172p	–19	$1.10	–	3.0
20⅞	13½	♥Woolworth $3½	16⅞	–⅛	$1.08	–	3.8

CANADIANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
11p	8½p	♥Abbot Energy Corp.	10½p	.....	–	–	–
1467p	953p	♥Amer. Barrick Res.	1353p	–56	8c	–	0.3
19½	13	Bk. Montreal‡	18½	–½	$2.12	–	6.2
957p	536p	Bk. Nova Scot.‡	919p	–21	$1.00	–	5.9
825p	639p	♥BC Gas $1	811p	–11	60c	–	4.0
23¼	17¼	BCE‡	22⅝	–⅛	$2.56	–	6.1
10½	647p	♥Brascan‡	951p	–28	$1.04	–	5.9
36p	19½p	♥Breakwater Res.	28¼p	.....	10c	–	26.6
1717p	1180p	Can. Imp Bank‡	1532p	–41	$1.32	–	4.6
11	855p	Can. Pacific‡	996p	–15	64c	–	3.5
36	30	Do. 4pc Deb £100	34	.....	Q4%	–	11.8
335p	115p	♥Central Cap 'A'‡	115p	–5	60c	–	28.1

[illegible]

For Varity see Americans

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

For Scholl see INDUSTRIALS (Miscel)

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

For EIT see ELECTRICALS

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

هكذا من الأجل

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

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PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

1991 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1	α	362	-3	17.5	2.2	6.4	(7.9)
170	135	East Surrey 10p		170	...	8.0	2.7	6.3	(6.4)
178	155	Mid Kent Hldgs £1		173	...	a8.0	2.8	6.2	6.6
387	323	North West £1	α	362	+4	18.0	φ2.5	6.6	(6.7)
406	327	Northumbrian £1	α	362	...	18.6	φ2.9	6.9	5.5
370	300	Severn Trent £1	α	328	-1	17.55	3.0	7.1	5.1
397	293	Southern £1	α	316		17.7	φ2.5	7.5	(5.9)
392	308	South West £1	α	335	-1	20.0	φ2.7	8.0	(5.1)
394	323	Thames £1	α	370	-2	17.5	2.2	6.3	(8.0)
422	341	Welsh £1	α	361	-2	19.5	3.4	7.2	4.4
456	325	Wessex £1	α	376	+3	17.7	φ2.5	6.3	(7.2)
401	335	Yorkshire £1	α	374	-2	17.7	φ2.2	6.3	7.2

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ▫ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ± USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- § Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‡ No par value

B.Fr. Belgian Francs. Fr. French Francs ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or -
Craig & Rose £1	β	640	......
Finlay Pkg. 5p	β	28	......
Holt (Jos) 25p	β	1978	......
Helton Hldgs	γ	33	-2
IRG		138	......
United Drug		170	......

IRISH

Stock	Price	+ or -
Cap. 8½% Ln. 2010	£92¼	......
9pc Cap Ln. 1996	£97¼	......
Fin. 13% 97/02	£112¼	......
Arnotts	172	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	59
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	28
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property

	p
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

	p
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

	p
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	114.4	114.4	121.4	+1.2	9.47
High Inc Equity	6	133.7	137.3xd	146.0	+0.1	5.82
Worldwide Bond	6	204.4	204.4xd	216.6	-0.2	6.93
Capital Growth						
American Growth	6	203.3	203.3	217.2	-3.7	1.01
Asian Pacific	6	130.8	133.4	141.9	-2.9	1.11
Assets & Earnings	6	178.0	181.9	193.5	+0.1	2.99
Capital Reserve Acc	0	106.2	106.2	106.3	+0.2	7.14
Capital Reserve Inc	0	84.00	84.00	84.04	+0.1	7.14
Commodity & Energy	6	77.45	77.45	82.83	-1.3	1.80
1992 Enterprise	6	63.40	63.40	67.80	+0.1	2.85
Euro Capital Acc	6	88.16	88.16	94.28	+0.17	1.44
Euro Capital Inc	6	84.23	84.23	90.08	+0.17	1.44
General	6	170.0	170.0xd	181.8	+0.2	2.75
Japan	6	98.25	98.25	105.0	-1.5	-
Mastertrust	6	90.14	90.14	96.40	-0.58	2.12
UK Growth Acc	6	156.8	156.8	167.7	+0.5	2.70
UK Growth Dist	6	100.8	100.8	107.8	+0.4	2.72
US Emerging Cos	6	67.35	67.35	72.03	-0.82	-
Income & Growth	6	302.8	302.8	323.8	+0.4	4.32
Ethical	6	50.69	50.69	54.21	+0.12	3.12
International	6	63.03	63.81	67.88	-0.73	1.30
Dividend & Growth	6	48.62	49.77xd	52.94	+0.09	5.67
Global Gwth & Sec	6	51.81	52.04	55.36	-0.61	1.81

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	982.0	982.0	1041.0	-	1.0

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	31.04	31.04	32.91	-0.5	2.42
Cash	-	50.76	50.76	50.76	+0.03	10.32
European	5¼	71.45	71.45	75.82	-1.13	0.30

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	18.81	18.81	19.85		0.93
Progressive Acc	5	28.35	28.35	29.92	....	0.93
International Inc	5	19.99	19.80xd	20.90		1.04
International Acc	5	26.62	26.91	28.40	....	1.04
Can & Foreign Inc	5	232.5	232.5	245.4	..	0.48
Can & Foreign Acc	5	277.9	277.9	293.3	..	0.48
Special Sits Inc	5	205.8	205.8	217.2	+1.8	0.82
Special Sits Acc	5	223.5	223.5	235.9	+1.9	0.82
PEP Inc	5	134.5	137.0	144.6	+0.7	2.09
PEP Acc	5	143.6	146.3	154.4	+0.7	2.09
Growth Inc	5	81.72	81.72	86.25	..	0.50
Growth Acc	5	82.06	82.06	86.61	..	0.50

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	119.6	119.6xd	127.9	-0.3	4.09
Dolphin Dividend	5½	61.17	61.17xd	65.42	+0.02	6.72
Dolphin Int Inc & Gth	5½	159.5	159.5xd	170.5	-0.6	4.69
Dolphin UK & Gen	5½	34.36	34.55	36.95	+0.02	2.89
[illegible]	5½	47.59	49.61	53.05	+0.04	1.59

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	76.40	76.40	81.71	+0.21	3.15
Do (Accum)	6	80.91	80.91	86.53	+0.22	3.15
Service Cos	6	62.71	62.71	67.07	+0.10	2.45
Do (Accum)	6	65.97	65.97	70.56	+0.11	2.45
Income Growth	6	42.44	42.44	45.39	+0.31	4.36
Do (Accum)	6	59.92	59.92	64.09	+0.44	4.36
Higher Yield	6	32.20	32.20xd	34.44	+0.13	4.49
Do (Accum)	6	40.64	40.64	43.46	+0.17	4.49
American Gth Inc	6	32.24	32.24xd	34.48	-0.43	1.51
Do (Accum)	6	32.86	32.86	35.14	-0.44	1.51
European Growth	6	26.22	26.22	28.04	+0.04	1.55
Do (Accum)	6	26.72	26.72	28.58	+0.04	1.55
Global Bond Inc	6	22.51	22.60	24.17	-0.04	6.47
Do (Accum)	6	26.02	26.11	27.93	-0.05	6.47
Managed P'folio Inc	6	25.12	25.20	26.96	-0.07	-
(Do Accum)	6	25.12	25.20	26.96	-0.07	-

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	81.30	81.30	86.58	-0.27	2.40
Mngd P'folio Acc	6	147.8	147.8	157.4	-0.40	-
UK General	6	117.4	117.4	125.0	+0.28	4.06
Cons & General	6	17.53	17.53xd	18.67	-0.05	10.19
European Inc	6	20.88	20.88	22.47	...	0.50

GA Unit Trust Mngrs Ltd (1000)H
PO Box 237, York YO1 1LA 0345 581106/7

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GandA	5¼	183.1	183.1	194.1	-0.10	4.64
Cash*	1½	49.32	49.32xd	50.06	+0.04	10.99
Growth Portfolio	5¼	48.08	48.08	50.96	-0.42	1.96
Income Portfolio	5¼	49.89	49.89xd	52.88	+0.04	6.24

*C.A.R. – Compound Annual Rate

GT Unit Managers Ltd (1200)H
8th Floor, 8 Devonshire Sq, London EC2M 4YJ

Kleinwort Benson Unit Trusts (1400)F
10 Fenchurch Street London EC3
Dealers: 071-956 7354 Admin: 071-623 8000

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Trusts						
Extra Income	5¼	48.50	48.50	51.60	-0.17	6.45
(Accum Units)	5¼	58.01	58.01	61.71	-0.20	6.45
Gilt Yield	5¼	108.1	108.1	114.1	+0.40	9.19
(Accum Units)	5¼	267.9	267.9	282.8	+1.60	9.19
Global Income	5¼	164.2	166.4xd	177.2	-0.30	4.51
(Accum Units)	5¼	332.6	337.5	359.0	-0.60	4.51
High Yield	5¼	116.9	118.5xd	126.1	+1.31	5.61

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DG 0244 680066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Inc P'folio	5¼	112.5	112.9xd	120.7	+0.1	3.33
Do Accum	5¼	120.5	120.9xd	129.2	+0.2	3.33
UK Sel P'folio	5¼	97.86	98.83	105.7	+1.0	4.18
Do Accum	5¼	104.2	105.2	112.5	+1.0	4.18

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	49.44	49.78	52.95	.....	4.98

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	5	71.13	71.33	76.13	-0.02	5.14
Acumen Reserve	3	64.64	64.64	66.57		11.35
American Income	5	130.21	130.30	137.90	-1.60	3.09
Equity Income	5	85.17	85.17xd	90.90	+0.02	5.37
European	5	54.00	54.00	57.64	-0.04	1.10
Far Eastern	5	113.84	113.90xd	121.60	-1.80	1.80
Smaller Cos	5	43.47	43.47	46.40	-0.14	3.39
Olympiad	5¼	47.20	47.20	50.38	-0.49	0.73
Olympiad Income	5¼	44.26	44.26	47.15	-0.17	5.19
UK Growth	5	73.37	73.96	78.94	+0.20	2.05

Rothschild Fund Management – Contd.
RAM FSAVC Scheme

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Major Co's	5¼	72.71	73.84	77.72	+0.16	
UK Smaller Co's	5¼	46.31	47.87	50.38	+0.29	
UK Income	5¼	66.58	67.74	71.30	+0.28	
America	5¼	68.19	69.16	72.79	-0.96	
Japanese	5¼	42.68	43.22	45.49	-0.36	
European	5¼	62.79	63.35	66.68	+0.11	
Canadian	5¼	50.49	52.18	54.92	-0.65	
Australasian	5¼	37.16	37.75	39.73	-0.79	
Gilt	5¼	63.92	64.00	67.36	+0.01	
Deposit	5¼	66.86	66.86	70.38	+0.01	

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings: 071-256 5858

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	135.0	136.4	145.1	-0.2	3.76
Gilt & Fxd Int	5	147.1	147.1	154.7	+1.3	9.18
Intl Growth	5¼	149.5	149.5	159.0	-2.1	0.46
North American T	5¼	98.46	98.46xd	104.7	-2.0	0.53
Far East	5¼	119.8	119.8xd	127.4	-3.7	0.48
UK Smaller Cos	5¼	98.98	98.98	105.3	-0.3	3.50
European	5¼	53.50	53.50xd	57.03	-0.1	1.01
Japanese Growth	5¼	36.84	36.84	39.48	-0.55	0.00
Managed P'folio	5¼	50.25	50.62	53.85	-0.16	1.33
High Income	5¼	153.6	153.4	163.2	+0.1	6.07
High Yielding Gilt	5¼	60.85	60.85xd	64.11	+0.1	9.78
Cash		51.44	51.44	51.44	+0.03	9.71

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	117.07	117.07	124.65	-0.22	2.60
Exempt Smllr Cos	3¼	222.32	222.32	241.62	+0.83	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time at the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (●) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Albany Life Assurance Co Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Man Fd Acc(z)	424.5	446.8	-2.8	-
Japan Fd(z)	268.9	283.0	-4.0	-
UK Smlr Co's Fd Acc(z)	93.5	98.4	+0.1	-
European Metro	132.3	139.2	+0.1	-
Global Metro	104.5	110.0	-1.6	-
Sterling Metro	124.7	131.2	-2.3	-
UK Metro	118.4	124.6	+0.1	-
Nth American Fd Acc(z)	237.1	249.6	-3.1	-
Pac Basin Fd Acc(z)	155.6	163.8	-2.0	-
Prop Fd Acc(z)	333.4	350.9	+0.2	-
Millennium	112.2	118.0	+0.1	-
Multiple Inv Acc(z)	782.7	823.8	-1.0	-
Pension Funds				
Brit Blue Chip Acc(z)	199.4	209.8	+0.7	-
Eq Pen Fd Acc(z)	2399.3	2525.5	+2.7	-
Euro Fd Acc(z)	325.8	342.9	-0.2	-
Intl Fixed Int Acc	426.8	449.2	-0.1	-
Fixed Int. Acc (z)	877.6	923.7	+5.0	-
Gt Money Pn Acc(z)	559.6	589.0	+0.4	-
High Interest	197.8	208.2	+0.2	-
High Income Fd Acc(z)	146.0	153.6	+0.5	-
Intl Man Fd(z)	634.9	668.2	-5.6	-
Jap Pen Fd Acc(z)	366.5	385.7	-5.6	-
UK Smlr Co's Fd Acc(z)	99.0	104.1		-
European Metro	144.7	152.2	+0.1	-
Global Metro	108.9	114.6	-1.6	-
Sterling Metro	134.4	141.5	-2.4	-
UK Metro	125.7	132.3	+0.2	-
N Am Pn Fd Acc(z)	287.8	302.9	-3.1	-
Pac Basin Fd Acc(z)	180.3	189.8	-3.2	-
Property(z)	584.8	615.6	+0.4	-
Mtple Inv Pens Acc(z)	1613.7	1698.6	-2.4	-
Senior Funds				
YRA Strategy	138.6	145.8	-0.6	-
YRA Performance	124.6	131.1	-0.9	-
Langtion Dollar (SE)	113.0	118.9	-0.2	-

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514
Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Fixed Int. Dep. Acc	318.1	334.9	+0.2	-
Equity Acc	1028.5	1082.7	-3.7	-
Property Acc	487.3	513.0	-0.1	-
Far East Acc	211.0	222.2	-1.6	-
European Acc	25.6	27.0		-
Managed Cap	429.0	451.6	-1.2	-
Managed Acc	800.5	842.7	-2.0	-
O'seas Earnings Acc	714.3	751.9	-1.5	-

Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488
City Of Edinburgh Life Assurance
Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Far East Emerg Econ	39.7	41.7	-0.8	-
Fund of Inv Tsts	60.0	63.0	-0.3	-
Money	152.4	160.0	+0.1	-
Special Situations	85.1	89.4	-0.1	-
UK Growth	128.6	135.1	-0.1	-
World Growth	115.9	121.7	-1.0	-
Pension Funds				
Fund of Inv Tsts	134.6	141.3	-0.7	-
Special Situations	125.9	132.2	-0.1	-
UK Growth	214.7	225.5	-0.2	-
World Growth	142.9	150.0	-1.2	-
UK Life Assurance				
Managed	104.6	110.1	-0.2	-
Property	128.0	134.7	-0.1	-
Equity	134.7	141.8		-
International	89.6	94.3	-0.6	-
Fixed Interest	116.7	122.8	+0.1	-
Deposit	135.5	142.6	+0.1	-
Langham 'A' Plan	112.3	118.2		-
Langham Prop Bond	617.3	649.7		-
Langham Wsp Managed	170.8	179.7		-
Pension Funds				
Managed Capital	80.5	84.7	-0.2	-
Managed Accum	134.5	141.6	+0.3	-
Property Capital	102.9	108.3		-
Property Accum	171.7	180.7	+0.7	-
Equity Capital	106.8	112.4		-
Equity Accum	178.5	187.9	+0.8	-
Intl Capital	65.0	68.4	-0.5	-
Intl Accum	108.5	114.2	-0.4	-
Fxd Int Capital	94.3	99.2	+0.1	-
Fxd Int Accum	157.4	165.6	+0.9	-
Deposit Capital	121.6	128.0	+0.2	-
Deposit Accum	203.2	213.9	+1.1	-
Langham Harvest	279.9	294.6		-

Citibank Life
Perrymount Road, Haywards Heath 0444 414111

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ser 1	274.7	289.2		-
Equity Ser 1	405.3	426.6		-
Smaller Co's Ser 1	213.2	224.4		-
Recovery Ser 1	116.9	123.1		-
Property Ser 1	212.4	223.5		-
International Ser 1	305.4	321.4		-

Crusader Insurance PLC
PO Box 37, Greenock, Renfrewshire

	Bid Price
Life Funds	
Managed Performance	114.2
Performance Plus	109.3
With Profit Perform	135.0
UK Opportunity	136.0
European Opportunity	134.2
Nth American Opp.	99.2
Far Eastern Opp.	131.4
Overseas	119.6
Guth Pro Ser 1 Mar 6	163.6
Guth Pro Ser 2	152.0
Fixed Interest	130.2
Cash	135.0
Pension Funds	
Cash	134.3
European	139.6
Far Eastern	138.5
Fixed	120.0
Mixed	120.7
Nth American	127.1
Secure Income	125.0
UK	113.9
With Profit	119.9
Managed Pen: Oct 31	425.29

Eagle Star Life Assurance Co Ltd
Bath Road, Cheltenham GL53 7LQ

	Bid Price
Secure Fund	149.5
Blue Chip Fund	181.8
Performance Fund	183.3
Adventurous Fund	159.3
Blue Chip Fd (2nd Series)	114.6
Performance Fd (2nd Ser)	116.0
Adventurous Fd (2nd Ser)	116.9
UK Pref & Fixed Int Fd	106.9
UK Equity Fund	112.4
Property Fund	99.5
Environmental Opps Fd	108.3
European Fund	103.5
North American Fd	130.7
Oriental Opps Fund	122.5
Japanese Fund	106.6
Bristol & West Life Fd	102.3
Pension Secure	161.7
Pension Blue Chip	155.5

Gresham Unit Assurance Ltd
2-6 Prince of Wales Rd, Bournemouth 0202 752000

	Bid Price	Offer Price	+ or -	Yield Gross
Gresham Series III				
Managed Life III	555.1	584.9	-1.2	-
Managed Pension III	120.0	126.5	+0.6	-
Gresham Series II				
Managed Life II	549.7	579.2	-1.1	-
Managed Pension II	662.5	698.1	+0.5	-

Growth & Sec. Life Assce. Soc. Ltd
Mill Green Rd, Haywards Hth, W Sussex 0444 413307

Legal & General (Unit Pensions) Ltd
Kingswood House, Kingswood, Tadworth, Surrey 0737 370370

	Bid Price	Offer Price	+ or -	Yield Gross
Ex Bldg Soc Unkd	156.2	164.5	+0.1	-
Do. Accum	195.8	206.2	+0.2	-
Exempt Cash Init	278.0	292.7	+0.2	-
Do. Accum	440.1	463.3	+0.4	-
Exempt Eqty Init	851.6	896.5	-17.8	-
Do. Accum	1348.0	1419.0	-28.1	-
Exempt Euro Init	162.8	171.4	-0.5	-
Do. Accum	198.1	208.6	-0.7	-
Exempt Far East'n Init	217.0	228.5	-1.4	-

Manulife Group—Contd.
Pension Fund Prices

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Init	329.6			-
Do Accum	484.7			-
Property Init	313.3			-
Do Accum	461.6			-
Equity Init	411.1			-
Do. Accum	605.8			-
Gilt-Edged Init	255.1			-
Do. Accum	389.1			-
Guaranteed Init	206.1			-
Do Accum	306.7			-

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INSURANCES

OTHER UK UNIT TRUSTS

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Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	108.0	113.7	-0.1	-
Pension Managed Fd	106.9	112.5	-0.2	-
Life Deposit Fd	108.5	114.2	.....	-
Pension Deposit Fd	114.2	120.2	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	111.3	117.2	(z)	-
Managed Growth	138.6	145.9	(z)	-
Managed Opportunity	139.5	146.9	(z)	-
NFMC Target Financial	104.2	109.7	(z)	-
Pension Funds				
Managed Cautionary	121.6	128.1	(z)	-
Managed Growth	146.6	154.4	(z)	-
Managed Opportunity	139.7	147.1	(z)	-
NFMC Target Mngd Pens	1557.2	1639.2	(z)	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	165.3	174.1	.....	-
UK Equity	174.9	184.2	.....	-
Overseas Equity	137.8	149.1	.....	-
Fixed Interest	147.6	155.4	.....	-
Property	132.3	139.3	.....	-
Index Linked	147.1	154.9	.....	-
Deposit	159.1	167.5	.....	-
With Profits (B)	130.4	137.3	.....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	357.2	376.0	-1.2	-
UK Equity	450.4	474.2	-1.0	-
Overseas Eq	352.7	371.3	-1.5	-
Americas	290.7	306.0	-4.3	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	151.5	160.0	.....	-
Accum Equity	218.0	230.0	.....	-
Accum Managed	227.0	239.5	.....	-
Accum Five Star	171.5	181.0	+0.5	-
Accum World	125.5	132.5	.....	-
Accum Lifetime	110.7	110.7	+0.3	-
Pens Acc Equity	235.0	248.0	.....	-
Pens Acc Managed	281.5	297.0	-1.0	-
Pens Acc Intl	210.5	222.0	-2.5	-
Pens Acc Deposit	201.5	213.0	.....	-
Pens Acc Five Star	188.0	198.5	+0.5	-

Providence Capitol Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	230.4	243.1	-0.1	-
UK Fixed Int Acc	180.4	190.3	+2.3	-
Intl Equities Acc	178.9	188.8	-1.1	-
UK Managed Acc	176.6	186.2	-0.1	-
Property Acc	224.9	237.3	.....	-
Money Acc	130.6	137.8	+0.1	-
Special Market Acc	144.5	152.5	-1.8	-
Japan Equity Acc	103.6	109.3	-1.8	-
North American Acc	108.3	114.3	-1.6	-
Pacific Acc	97.8	103.2	-1.5	-
Technology Acc	125.0	131.9	-1.6	-
Nat Resources Acc	58.7	62.0	-2.5	-
European Acc	102.0	107.6	+0.5	-
Residential Prop Acc	96.1	101.4	.....	-
Swiss Equities Acc	35.1	37.1	+0.1	-
Hong Kong Acc	69.9	73.8	-0.8	-
UK High Inc Eq Acc	74.4	78.5	+0.2	-
Int Fixed Interest Acc	58.3	61.5	+0.2	-
Int Managed Acc	57.3	60.4	-0.1	-
HIP Managed Acc	120.4	127.0	-0.6	-
HIP Managed II Acc	101.9	107.4	-0.4	-
HIP Managed III Acc	109.0	114.9	-0.2	-
Total Investment Bond				
UK Equity Initial		156.7	.....	-
UK Fixed Int Initial		122.9	+1.5	-
Intl Equities Initial		120.9	-0.8	-
UK Managed Initial		120.3	-0.1	-
Property Initial		154.3	.....	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

OFFSHORE INSURANCES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)

[illegible]

MANAGEMENT SERVICES

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$769.11		----	-
Fixed Income Shares	$894.83		----	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$10.30		-0.02	-
Yamaichi ISS Fund	$7.61		-0.04	-
Yamaichi CB Plus Fund	$8.15		-0.02	-
Thai ... Fund	$9.86			-
Yamaichi OTC Equity Fd	$9.99		+0.11	-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (u)						
29 Kildare Street, Dublin				010 353 1760 630		
GAM Universal US$ Acc	$-		110.21		----	-
GAM Universal US$ Inc	$-		108.01		----	-
GAM Universal DM Acc	DM-		120.63		----	-
GAM Universal DM Inc	DM-		118.17		----	-
MI Global Asset Mangmt Co Ltd "MI Trusts"						
MI Global Dollar	$-		1.00	1.07	----	-

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scsp	$9.24	9.52		-

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
John Govett – Contd.						
Far East Equity	5¼	$10.97	10.97	11.08	+0.15	1.0
US Smaller Cos	5¼	$12.81	12.81	12.94	+0.02	1.0
European Equity	5¼	[illegible]	13.97	14.11	-0.00	2.0
UK High Income	5	£4.79	4.79	4.81	-0.01	10.75
UK Equity	5¼	£4.95	4.95	5.00	+0.01	3.0
Initial charge may alter for sales in other jurisdictions						
Hill Samuel Fund Mgrs (Jsy) Ltd (2000)F						
PO Box 63 Bond Street, St. Helier, Jersey 0534 76029						

LUXEMBOURG (REGULATED)(**)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Large selling order hits dollar

THE DOLLAR weakened in late European trading, to finish near the day's lows, on speculation that last Friday's disappointing US employment figures mean the Federal Reserve will ease its monetary stance. Fears economic recovery has stalled followed an unexpected fall in non-farm payrolls.

Dealers in New York reported a large dollar selling order from the Far East before noon yesterday, which pushed the currency through support at DM1.7300, triggering further selling.

Suggestions that the Fed will cut US interest rates contrasts sharply with the situation in Germany, where rising inflation has led to forecasts of higher rates.

Interest rate factors will dominate sentiment in the run up to the next Bundesbank council meeting on August 15. Credit conditions have become very tight in Frankfurt with banks preferring to build up reserves, rather than lend money, for fear that the German central bank will tighten its credit policy.

The Bundesbank tightened the screw slightly on banks yesterday by withdrawing section 17 funds lent on Friday. This is money held by the central bank on behalf of public authorities. Call money was unchanged at 8.95 per cent, slightly below the Lombard emergency financing rate of 9.00 per cent.

At the London close the dollar had fallen to DM1.7200 from DM1.7345; to Y136.65 from Y136.75; to SFr1.4985 from SFr1.5085; and to FFr5.8525 from FFr5.8975. On Bank of England figures the dollar's index declined to 66.1 from 66.6.

Depression surrounding the dollar provided little consolation for the Japanese yen however, as the threat that Japanese government ministers will become embroiled in financial scandals weighed on the currency. The latest developments centre on Mr Ryutaro Hashimoto, Japan's finance minister, following the resignation of his personal secretary for alleged involvement in a loans fraud. In London at the finish of trading the D-Mark had improved to Y79.45 from Y78.85.

Sterling traded steadily. It lacked fresh factors, but climbed with other European currencies against the dollar. Dealers suggested that cuts in UK bank base rates may be delayed, if the Bundesbank raises German rates, and this provided the pound with a little support.

Sterling gained 1.45 cents to $1.7100. It also rose to Y233.75 from Y231.75; to SFr2.5625 from SFr2.5575; to FFr10.0075 from FFr10.0000; and was unchanged at DM2.9400. The pound's index climbed 0.3 to 91.2.

In the European exchange rate mechanism the Belgian franc was second strongest, behind the Spanish peseta. The Belgian National Bank and the Bank of Spain left credit policies unchanged yesterday at tenders to supply money market liquidity. The Bank of France also left interest rates unchanged as the French franc remained second weakest member of the ERM.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 5	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.475	-3.86	5.46	67
Belgian Franc	42.4032	42.2568	-0.35	1.75	21
Italian Lira	1538.24	1534.35	-0.25	1.65	20
D-Mark	2.05586	2.05128	-0.22	1.62	19
Dutch Guilder	2.31643	2.31264	-0.16	1.56	12
Irish Punt	0.767417	0.767342	-0.01	1.40	5
Sterling	0.696904	0.698346	0.21	1.19	-4
French Franc	6.89509	6.97847	1.21	0.18	-58
Danish Krone	7.84195	7.95133	1.39	0.00	-57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug.3	Latest	Previous Close
£ Spot	1.7110-1.7120	1.6890-1.6900
1 month	0.79-0.77pm	0.74-0.72pm
3 months	2.11-2.08pm	2.12-2.09pm
12 months	6.68-6.58pm	6.67-6.57pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

* Selling rate.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6910 - 1.7110	1.7095 - 1.7105	0.78-0.76cpm	5.40	2.10-2.07pm	4.88
Canada	N/A	1.9625 - 1.9635	0.43-0.35cpm	2.38	1.14-1.01pm	2.19
Netherlands	3.3085 - 3.3200	3.3100 - 3.3200	[illegible]	1.81	[illegible]	1.36
Belgium	60.45 - 60.85	60.55 - 60.65	12-8cpm	1.98	26-21pm	1.55
Denmark	N/A	11.3975 - 11.4075	2-1¼orepm	1.71	[illegible]	1.51
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11¼ - 11	11⅛ - 10⅞	11⅛ - 10⅞	11 - 10¾	10¾ - 10½	10¾ - 10½
US Dollar	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅞	6⅛ - 6	6⅛ - 6
Can. Dollar	8½ - 8¼	8½ - 8¼	8½ - 8¼	8½ - 8¼	8⅞ - 8¾	9⅛ - 8⅞
Dutch Guilder	9¼ - 8¾	9⅛ - 8⅞	9¼ - 9	9⅜ - 9¼	9⅞ - 9⅞	9⅝ - 9½
Swiss Franc	7¾ - 7½	7¾ - 7½	7⅞ - 7⅞	7¾ - 7⅝	7⅞ - 7⅞	7⅞ - 7⅞
D-Mark	9 - 8¾	9 - 8¾	9⅛ - 9	9⅜ - 9¼	9⅞ - 9⅞	9⅝ - 9½
French Franc	9½ - 9⅜	9½ - 9⅜	9½ - 9⅜	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝
Italian Lira	12 - 10	11½ - 10½	11⅝ - 11⅛	11⅝ - 11⅛	12 - 11⅝	12⅛ - 12
Belgian Franc	9⅛ - 8⅞	9⅛ - 8⅞	9⅜ - 9⅛	9⅜ - 9⅜	9⅝ - 9½	9⅞ - 9⅞
Yen	7½ - 7¼	7⅜ - 7⅜	7⅞ - 7⅜	7⅜ - 7⅛	7⅛ - 7⅜	7⅛ - 6⅞
Danish Krone	9⅛ - 9	9⅛ - 9	9¼ - 9⅛	9½ - 9⅜	9⅝ - 9⅜	9⅝ - 9⅝
Asian $Sing	4½ - 4	4⅝ - 4½	5½ - 5⅜	5⅝ - 5⅝	5⅞ - 5⅞	6 - 5⅞

Long term Eurodollars: two years 7⅞-7¾ per cent; three years 7⅝-7½ per cent; four years 7⅞-7⅞ per cent; five years 8⅛-8⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug 5	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.710	2.940	233.8	10.01	2.563	3.315	2201.	1.963	60.50	1.434
$	0.585	1	1.719	136.7	5.854	1.499	1.939	1287	1.148	35.38	0.839
DM	0.340	0.582	1	79.52	3.405	0.872	1.128	748.6	0.668	20.58	0.488
YEN	4.277	7.314	12.57	1000.	42.81	10.96	14.18	9414	8.396	258.8	6.133
F Fr.	0.999	1.708	2.937	233.6	10.	2.560	3.312	2199	1.961	60.44	1.433
S Fr.	0.390	0.667	1.147	91.22	3.906	1	1.293	858.8	0.766	23.61	0.560
H Fl.	0.302	0.516	0.887	70.53	3.020	0.773	1	664.0	0.592	18.25	0.433
Lira	0.454	0.777	1.336	106.2	4.548	1.164	1.506	1000.	0.892	27.49	0.652
C$	0.509	0.871	1.498	119.1	5.099	1.306	1.689	1121	1	30.82	0.731
B Fr.	1.653	2.826	4.860	386.4	16.55	4.236	5.479	3638	3.245	100.	2.370
ECU	0.697	1.192	2.050	163.0	6.988	1.787	2.312	1535	1.369	42.19	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls Sept.	Calls Dec.	Calls March	Puts Sept.	Puts Dec.	Puts March
103	1.81	-	-	0.05	0.47	-
104	0.96	-	-	0.20	0.76	-
105	0.36	1.04	-	0.57	1.18	-
106	0.10	0.68	-	-	-	-
107	0.01	0.39	-	-	-	-
108	-	0.21	-	-	-	-
Open Int	143,156	43,733	10,410	106,080	33,398	17,800

Estimated volume 25,231 Total Open Interest 354,576

POUND - DOLLAR

[illegible]

MONEY MARKETS

Rate hopes fade

HOPES OF a cut in UK bank base rates within the next month or so have faded. This has discouraged trading in September short sterling futures on Liffe. Volume in all contracts is low, but is moving towards the longer dated months, when there will be a greater likelihood of rate cuts, according to dealers.

September short sterling fell to 89.28 from 89.29 and December to 89.77 from 89.78, but the March contract climbed to 90.01 from 89.99, discounting a three-month interbank rate of slightly under 10 per cent at delivery.

Three-month interbank was unchanged at 11-10⅞ per cent on the cash market yesterday, with 12-month money steady at 10¾-10⅝ per cent.

Day-to-day credit was in very short supply. The Bank of England initially forecast money market shortage of £1,450m, but revised this to £1,550m at noon and to £1,650m in the afternoon. Assistance of £1,264m was provided.

An early round of help was offered and at that time the authorities bought £150m bills for resale to the market on August 27 at 10⅞ per cent. In further operations before lunch £578m bills were purchased outright, by way of £73m Treasury bills in band 1 at 10⅞ per cent; £488m bank bills in band 1 at 10⅞ per cent; and £17m bank bills in band 2 at 10⅞ per cent.

In the afternoon another £131m bills were bought outright, via £93m Treasury bills in band 1 at 10⅞ per cent; £32m bank bills in band 1 at 10⅞ per cent; and £8m bank bills in band 2 at 10⅞ per cent. Late assistance of around £405m was also provided. Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,257m, with the unwinding of repurchase agreements on bills absorbing £409m, exchequer transactions £310m and bank balances below target £20m. These outweighed a fall in the note circulation adding £545m to liquidity.

In Madrid the Bank of Spain left its money market intervention rate at 12.75 per cent at its thrice-monthly tender of certificates.

In Paris the Bank of France's intervention rate remained at 9.00 per cent at a securities repurchase tender.

In Brussels the Belgian National Bank kept its seven-day advances rate at 8.75 per cent at a fixed rate tender against government paper and commercial bills.

UK clearing bank base lending rate 11 per cent from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.5) 3 months US dollars		6 months US dollars	
bid 5½	offer 5⅝	bid [illegible]	offer [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime	
Prime rate	8½
Broker loan rate	7¾
Fed.funds	5⅝
Fed.funds at intervention	-

Aug.3	Overnight	One Month	Two Months	[illegible]
Frankfurt	8.90-9.00	8.90-9.00	8.95-9.10	[illegible]
Paris	9½-9¼	9⅞-9⅞	9½-9⅝	[illegible]
Zurich	7½-7⅝	7⅝-7⅞	-	[illegible]
Amsterdam	9.06-9.18	9.07-9.15	-	[illegible]
Tokyo	7⅞-7⅞	7⅞-7⅞	-	[illegible]
Milan	10⅞-11	11⅛-12	-	[illegible]
Brussels	8.93-9.06	9⅞-9⅞	-	[illegible]
Dublin	9-9¼	9⅞-10	10-10¼	[illegible]

LONDON MONEY RATES

Aug 5	Overnight	7 days notice	One Month	[illegible]
Interbank Offer	15	11⅛	11⅛	[illegible]
Interbank Bid	10⅞	11	10⅞	[illegible]
Sterling CDs	-	-	11	[illegible]
Local Authority Deps	11	11	11	[illegible]
Local Authority Bonds	-	-	-	[illegible]
Discount Mkt Deps	11⅛	10⅞	10⅞	[illegible]
Company Deposits	-	-	11⅛	[illegible]
Finance House Deposits	-	-	11	[illegible]
Treasury Bills (Buy)	-	-	10¾	[illegible]
Bank Bills (Buy)	-	-	10⅞	[illegible]
Fine Trade Bills (Buy)	-	-	-	[illegible]
Dollar CDs	-	-	5.85	[illegible]
SDR Linked Dep. Offer	-	-	7⅞	[illegible]
SDR Linked Dep. Bid	-	-	7⅞	[illegible]
ECU Linked Dep. Offer	-	-	9⅝	[illegible]
ECU Linked Dep. Bid	-	-	9⅝	[illegible]

Treasury Bills (sell); one-month 10⅝ per cent, three months [illegible] per cent; Bank Bills (sell); one-month 10⅞ per cent; three months [illegible] per cent. Average tender rate of discount 10.3082 p.c. ECGD Fixed Rate [illegible] day July 31, 1991. Agreed rates for period Aug 26,1991 [illegible] 12.31 p.c., Schemes II & III. 12.38 p.c. Reference rate for [illegible] 1991, Scheme IV&V: 11.138 p.c. Local Authority and Finance [illegible] seven days' fixed. Finance Houses Base Rate 11½ from Aug [illegible] sums at seven days notice 4 per cent. Certificates of Tax Deposit [illegible] over held under one month 7½ per cent; one-three months [illegible] cent; six-nine months 9 per cent; nine-twelve months 9 per cent [illegible] from July 15,1991. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	12	Roxburghe Bank Ltd.	12
Bank of Ireland	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm. Bk. of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

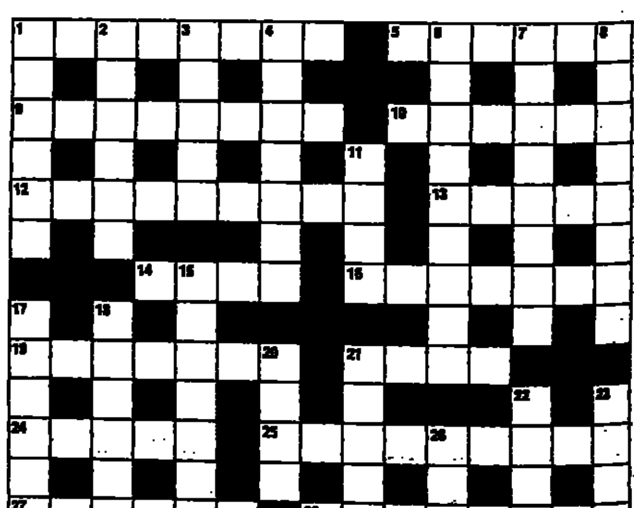
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,613 Set by CINEPHILE



Most of the Ms are old; all are British.

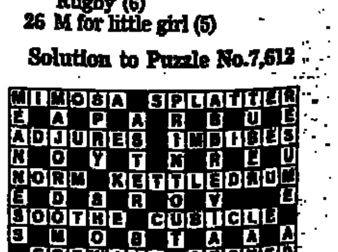
ACROSS

1 Hill circumnavigated by soused driver (8)
5 Rubber beetle? (6)
9 Hill in either half of prison makes M (8)
10 Twice as much M left in for a change (6)
12 M for monarch (9)
13 Salmon wanted for company houses (5)
14 M to chew (4)
16 Expressed pain and ditto anger, possibly (7)
19 Recovered, played a series of shots, and got teased? (7)
21 M for horse (4)
24 Stop short of order (5)
25 Note of M located: I have quietly entered it (4-5)
27 M commonly works with leather (6)
28 Doctor calls (without name) regularly before lunch (8)
29 M for John? (6)
30 Gloomy start to day increased around daybreak to the north (4,4)

DOWN

1 Perversion is American in compiler (6)
2 Pinch smash hit the day before (6)
3 Monarch keeping one straight ? (6)
4 Tropical songster from most of Brundisium (7)
6 M attained by William of Orange? (4-5)
7 M is a distant object (8)
8 Viewpoint in sports circles, one of Parisian (8)
11 Well-fitting weapons are in the ascendant (4)
15 Travelling via tunnel, having a singular sort of power (9)
17 Indication of M needed to tip with grace (5,3)
18 Bird, pink or bright red with love (8)
20 Pudding that's no good? (4)
21 Deliverer with changed head to go under foot (7)
22 M in Africa (6)
23 Inventor brings up finish of Rugby (6)
26 M for little girl (5)

Solution to Puzzle No.7,612



WORLD STOCK MARKETS

CANADA

TORONTO

5:00 pm prices August 2

31300 CanTire A x	$24⅝	24⅝	24½	
3100 Can Util A	$19½	19⅜	19⅜	
300 Can Util B	$19¾	19¾	19¾	
1600 Canamax	35	35	35	
24000 Cantor	$25¾	25⅛	25⅛	
1200 CnPcForest	$32⅛	32⅛	32⅛	
6200 Cara Op	$5¾	5⅛	5⅛	
300 Cascades	490	490	490	
500 Celanese	$38½	38½	38½	
7000 Cntrl Cap	225	225	225	
2100 Cinepx Odn	470	465	465	
2000 Cntrt Fd A	475	465	465	
2500 Jannock	$15⅝	15⅜	15⅜	
100 KerrAddis	$17	17	17	
21600 Labatt	$25½	25	25½	
110600 Lac Minls	$9¾	9⅝	9⅝	
500 Lafarge	$16¾	16¾	16¾	
20600 Laidlw A x	$14	13⅞	14	
344700 Laidlw B x	$14	13¾	13¾	
300 Laurent Bk	u$17⅞	17⅞	17⅞	
300 Laurent Gp	$7⅞	7⅞	7⅞	
2600 Lawson Mar	$9¼	9¼	9¼	
800 Reed Sten	$25	25	25	
800 Reitman S	u$16	16	16	
40800 Ren'sance	$15½	15⅜	15⅜	
18400 Repap Ent	$7⅞	7⅝	7⅞	
3800 Rio Algom	$16	15⅞	16	
2900 Rogers A	$11¼	11	11¼	
1400 Rothmans	u$68½	67	68½	
316300 RoyalBkCan	$25⅞	25¾	25¾	
178900 RylTrustco	$9¼	9	9¼	
1900 StLawrCm A	$14¼	14¼	14¼	

MONTREAL

3:00 pm prices August 5

900 DomloTxt A	$8⅞	8¼	8¼	
5200 MacleanHnt	$10⅝	10½	10½	
1000 Memotec	u$10	9¾	9¾	
11100 NatBk Can	$11	10⅞	10⅞	
300 Provigo	$11¼	11¼	11¼	
33100 Quebecor A	$17⅞	17⅞	17⅞	
400 Videotron	$13⅝	13½	13½	−⅛

Total Sales 7,970,600 shares

INDICES

NEW YORK

DOW JONES	Aug 2	Aug 1	July 31	July 30	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3006.26	3017.67	3024.82	3016.32	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.82	94.70	94.87	94.74	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1223.20	1225.85	1220.56	1216.85	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	202.78	201.46	201.77	204.04	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3042.26 (3037.12) Low 2994.41 (2997.76)

STANDARD AND POOR'S	Aug 2	Aug 1	July 31	July 30	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	387.18	387.12	387.81	386.69	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	461.66	461.82	462.47	461.20	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.62	30.66	30.61	30.33	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	212.03	211.96	212.34	211.64	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	368.40	368.24	368.28	367.00	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	505.67	504.15	502.05	498.27	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July 26	July 19	July 12	year ago (approx.)
Dow Industrial Div. Yield	3.10	3.04	3.08	3.72

	Jul 31	Jul 24	Jul 17	year ago (approx.)
S & P Industrial div. yield	2.70	2.77	2.74	2.94
S & P Indl. P/E ratio	19.50	19.02	19.74	16.95

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Singer Co	4,941,800	14¼	... ..
USX-Marathon	4,678,400	27⅛	+ 1¼
Columbia Gas	1,897,000	15¼	- ¼
Philip Morris	1,814,600	68⅞	+ ¼
Amer Express	1,785,500	25⅛	- ⅛
Am T&T	1,717,900	39⅞	+ ¼
Pepsico	1,685,300	31⅛	- ⅛
RJR Nabisco	1,348,900	11¼	- ¼
Barnett Bk	1,259,000	30	+ ¼
Telefonos	1,237,400	31⅛	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Aug 2	Aug 1	July 31
New York SE	162.050	169.920	166.650
Amex	13.760	11.089	11.904
NASDAQ	148.488	160.099	160.323
NYSE			
Issues Traded	2,085	2,068	2,089
Rises	901	663	957
Falls	664	892	614
Unchanged	520	513	518
New Highs	103	81	94
New Lows	7	11	16

CANADA

TORONTO	Aug 2	Aug 1	July 31	July 30	1991 HIGH	1991 LOW
Metals & Minerals	3163.64	3200.28	3222.29	3249.29	3299.99 (18/7)	2632.06 (9/1)
Composite	3522.71	3537.15	3539.64	3548.86	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1861.99	1875.17	1876.33	1881.37	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 5	Aug 2	Aug 1	July 31	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1574.9	1582.9	1577.7	1572.4	1582.9 (2/8)	1204.5 (16/1)
All Mining (1/1/80)	699.1	705.3	703.9	701.4	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	468.79	469.64	470.76	469.61	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1147.20	1146.15	1141.67	1139.69	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	379.55	380.04	379.10	376.88	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1003.8	1014.5	1023.9	1027.0	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	467.94	467.43	466.52	464.49	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1762.22	1766.52	1766.81	1754.73	1874.81 (11/6)	1425.35 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	673.33	669.85	675.29	676.53	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1901.2	1890.0	1906.1	1909.5	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1622.03	1615.36	1622.56	1622.31	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4063.01	4059.40	4030.01	4009.58	4063.01 (5/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	(c)	1423.38	1421.58	1433.75	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	573.90	578.40	577.39	573.38	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23833.25	24027.97	24072.73	24120.75	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1834.47	1846.80	1852.22	1859.12	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3094.88	3109.22	3091.98	3088.18	3423.46 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	593.16	599.41	600.75	602.32	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Tti.Rtn.Gen.(End 1983)	280.8	283.3	283.6	281.8	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	200.0	201.8	202.0	200.8	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	779.79	774.27	773.35	773.80	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1017.87	1011.66	1007.74	1017.15	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	396.36	400.40	401.31	401.57	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1257.04	1282.0	1323.0	1327.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4070.04	4090.0	4093.0	4085.0	4093.0 (1/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	758.18	733.03	714.95	717.03	758.18 (5/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	273.03	271.20	269.35	269.51	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	1114.1	1121.70	1123.50	1116.60	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	759.8	763.6	(c)	761.6	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	631.7	634.2	(c)	632.8	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4881.65	5012.45	5141.41	5178.06	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	709.35	721.85	711.39	728.70	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	506.4*	576.4	506.3	506.8	529.2 (17/4)	439.1 (16/1)

**Saturday July 27: Taiwan Weighted Price: 5140.30 Korea Comp Ex. 693.22.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7 JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 5 August 1991

	Stocks Traded	Closing Prices	Change on day
Nippon Mining	8.9m	571	+1
Showa Shell	3.1m	1,170	-20
Toyo Tire Rubbr	3.0m	724	+19
General Sekiyu	2.8m	1,840	+20
Hitachi	2.6m	1,140	-30
Nippon Steel	2.4m	417	-2
Mitsubishi Oil	2.0m	1,080	-20
Nippon TV	1.8m	24,100	
Stanley Electric	1.6m	1,010	+15
Nippon Carbon	1.5m	966	-24

3:15 pm prices August 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp x	0.48	0.03	17	148	16⅝	15⅞	16⅞	-¼
18¾	14½	A L Labs A	0.18	0.01	19	52	17½	17⅜	17⅜	-⅛
55¾	40⅞	AMP Inc x	1.44	0.03	19	430	52¼	51¼	51⅛	-1
68⅝	44¼	AMR			11	780	62	61⅝	61⅝	-⅜
2⅝	1¼	ARX			1	10	1⅜	1⅜	1⅜	-⅛
58	41½	ASA	3.50	0.07	14	283	50½	49⅞	50	-⅜
54½	39¼	Abbott Lab	1.00	0.02	22	2685	54⅛	53⅝	54	-¼
14½	9⅞	Abitibi Pr	0.50	0.04	26	14	14	14	14	
11⅞	10⅜	ACM Gvt In	1.26	0.11		784	11⅛	10⅞	11⅛	+⅛
9¾	8¼	ACM GvOpp	1.01	0.11		49	9⅜	9⅜	9⅜	
9¼	8⅛	ACM Gvt Sp x	1.01	0.11		316	9⅛	9	9⅛	
11	9⅞	ACM Gvt Se x	1.26	0.12		183	10½	10⅜	10½	+⅛
8⅞	7⅝	ACM Man	1.01	0.12		327	8⅝	8¼	8¼	
12⅞	11½	ACM Managd	1.35	0.11		103	12¼	12¼	12¼	
7½	4¾	Acme Clev x	0.40	0.06	18	16	7	6¾	6¾	-¼
6	3½	Acme Elect			39	z100	4	4	4	
40	22¾	Acuson			22	1365	33¼	33	33⅛	-⅝
18¾	14¼	Adams Expr	0.48	0.03	0	65	18½	18⅜	18⅜	-⅛
20⅛	17½	Adobe12Pf	2.40	0.14		40	17⅝	17⅝	17¾	+¼
9¼	6¼	Adobe Res			19	24	6⅞	6¾	6¾	-⅛
38⅛	18	Ad Micro				2	34½	34½	34½	
14⅛	4⅝	Ad Micro P	3.00	0.27	18	2709	11½	11¼	11¼	-¼
5⅛	2¼	Advest Grp	0.16	0.04	6	53	4	4	4	-⅛
49½	33⅞	Aetna Lf x	2.76	0.07	7	1774	38	37¼	37¼	-⅝
10⅝	6⅞	Affil A	0.24	0.03	45	168	8¼	8⅛	8⅛	
20⅛	12	Ahmanson	0.88	0.05	11	503	18⅛	17¾	17⅞	-⅛
12¼	2⅞	Aileen Inc			14	168	11⅛	10½	10⅞	-⅜
74⅛	51⅛	Air Pr Chm	1.56	0.02	14	891	66¼	65½	65½	-1⅛
30	16⅝	Airbrne Fri	0.30	0.01	19	668	29⅛	28⅜	28⅜	-½

[illegible]

- A - [illegible]

- B - [illegible]

- C - [illegible]

- D - [illegible]

- E - [illegible]

- F - [illegible]

- G - [illegible]

- H - [illegible]

- I - [illegible]

- J - [illegible]

- K - [illegible]

- L - [illegible]

- M - [illegible]

- N - [illegible]

- O - [illegible]

- P - Q - [illegible]

- R - [illegible]

Continued on next page

NYSE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
46⅝	32¾	RohmHaas x	1.24	0.03	18	126	45⅛	44¾	44¾	-1⅛
26⅝	14⅞	Rohr Inds			15	943	23¼	22½	22⅝	-⅛
12⅞	5⅝	RollinsEnv	0.08	0.01	19	1491	9⅛	9	9	+⅛
25¾	18⅝	Rollinsinc x	0.58	0.02	20	60	25⅝	25¼	25¼	-⅛
13½	7⅛	RollinsTrL	0.20	0.01	13	1960	u13¾	13¼	13⅝	+⅛
11⅝	7¾	Rowan Cos			65	735	8⅞	8⅛	8⅞	+⅛
25	22¼	RoyBkScot	2.81	0.11		62	24⅞	24½	24¾	-⅛
84¾	73½	RylDutch	4.23	0.05	10	1744	82⅝	82	82⅛	+¼
11	7½	Royce Val				86	10⅛	10	10	-⅛
56½	37	Rubbermaid	0.60	0.01	29	339	u55⅝	54⅞	55⅝	+½
14⅞	13½	Ruddick			12	270	14⅝	14⅝	14⅝	+⅛
17½	13	RussBerrie	0.60	0.04	13	401	15⅞	15⅜	15½	[illegible]
7⅛	4	Russ Togs			1	55	5	5	5	+⅛
28⅝	19⅝	Russell Cp x	0.32	0.01	22	324	27⅛	27	27¼	-⅛
21⅝	14	Ryder Syst	0.60	0.03	26	640	18½	18¼	18¼	-⅛
20⅛	13¾	Ryland Grp	0.60	0.03	32	119	20½	20¼	20⅛	-⅛
- S -										
26½	20⅞	S Antia Rt	2.08	0.08	19	61	26	24⅝	24⅝	-¼
15¼	11½	SCOR US Cp	0.24	0.02		8z100	13¼	13¼	13¼	
37	20⅞	SPS Techno	1.28	0.04	16	14	30⅛	30	30	-⅛
2¼	⅝	SaatchiS&S			0	241	⅞	d⅞	⅞	-⅛
13	11	Sabine RR	1.63	0.14	7	89	12	11⅞	11⅞	-⅛
9⅝	5⅞	Safecard x	0.30	0.04	7	674	8	7⅞	8	
16⅞	8⅛	Safeg'd Sc			3	53	11½	11¼	11½	+⅛
37	25	SafetyKln	0.32	0.01	33	602	35⅛	34¾	34¾	-⅛

Price data supplied by Telekurs.

AMEX COMPOSITE PRICES

3:00 pm prices August 5

NASDAQ NATIONAL MARKET

3:15 pm prices August 5

HUNGARY

The FT proposes to publish this survey on **October 30 1991.**
54% of Chief Executives of Europe's largest companies read the FT. If you want to reach this important audience by advertising in this survey, call Patricia Surridge on 071 873 3426, or Fax 071 873 3079

Data source: Chief Executives in Europe 1990

FT SURVEYS

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Data source: Chief Executives in Europe 1990

FT SURVEYS

AMERICA

Dow dips below 3,000 level as investors sit tight

Wall Street

THE DOW Jones Industrial Average fell back through the 3,000 level yesterday morning as a lack of investor interest in the market pushed equity prices lower in very thin, summer trading, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 11.40 points at 2,994.86. The more broadly based Standard & Poor's index was also weak, losing 2.13 to stand at 385.05.

The Nasdaq composite of over-the-counter stocks fell 2.75 to 502.92 as investors who made strong gains in the recent seven-day rally took profits. Turnover on the NYSE was a light 75m shares by 1 pm.

There was little for investors and dealers to do yesterday but sit tight. The bond market was unable to give equities a lead because buyers were staying on the sidelines ahead of this week's sale of billions of dollars worth of new Treasury securities.

Hopes remained high of a cut in interest rates by the Federal Reserve, but most observers thought that it was unlikely that the Fed would change monetary policy until after the October 20 meeting of its policy-making Open Market Committee.

Among individual stocks, the first announcement of the latest sales figures put motor shares in the limelight. Ford, which reported slightly higher car sales but notably lower truck sales in late July, eased $⅝ to $32¼.

The other big two carmakers were due to announce sales data later in the session. General Motors, however, did confirm payment of its regular 40 cents a share dividend, and rose $⅛ to $40. Chrysler eased $¼ to $13⅝.

Boeing rose $¼ to $45⅝, Lockheed added $¼ at $46 but General Dynamics slipped $⅝ to $43⅝ after the US Air Force awarded the three defence contractors a $9.6bn contract to develop its next fighter aircraft.

Harley-Davidson firmed $¾ to $40½ after the transfer of the president of the motorcycle unit to the top of company's entire global sales team was interpreted by the market as a positive move.

XL/Datacomp jumped $1 to $11½ on turnover of 1.5m shares after the company entered into a definitive pact to merge with a unit of Storage Technology.

Under the deal, each XL/Datacomp share will be swapped for just over one-quarter of a Storage Technology share. The news pushed Storage Technology $3¼ lower to $46⅞ in active trading.

Hewlett-Packard shares slipped $1¼ to $55¼ after unveiling its new fault-tolerant computer and announcing that it was slashing the price of its HP 9000 model 1240 by 40 per cent.

There was similar weakness in rival Digital Equipment, which shed $1¼ to $68¼. However, IBM, the industry leader, added $⅝ to $100¾ on volume of ¾m shares.

Grow Group rose $¼ to stand at $8⅝ in spite of its warning of a likely $13.1m full-year loss because of a $8m net charge. The coatings and chemicals group also announced that it was in talks regarding the possible sale of some of its West Coast coating operations.

● *The Toronto market was closed for a holiday yesterday.*

SOUTH AFRICA

FURTHER falls by gold shares, in response to the continued weakness in gold bullion and platinum prices, depressed Johannesburg yesterday.

The all-gold index dropped 25 to 1,257 as Vaal Reefs declined R5.50 to R216. The industrial index shed 20 to 4,070 and the overall index fell 16 to 3,431.

Among other leading mining issues, diamond share De Beers lost 50 cents to R89.25 and Anglos, the mining financial, eased R1.25 to R115.75. Industrial leader Barlows shed 50 cents to R47.

ASIA PACIFIC

Volume shrinks to seven-year low after latest scandal

Tokyo

TRADING volume fell yesterday to its lowest level in seven years. Investors retreated on fears of political repercussions, following revelations at the weekend that a top aide to Mr Ryutaro Hashimoto, finance minister, had been involved in a loans scandal, *writes Neil Weinberg in Tokyo.*

Volume dropped from Friday's 190m shares to 150m and the Nikkei average closed 194.72 lower at 23,833.25 after a broadly based decline. Only four sectoral indices rose on the day, and losses outpaced gains by 648 to 235. The Nikkei registered a day's high of 24,084.31 and fell to a low of 23,830.19.

In the first section the Topix index shed 12.33 to 1,834.47, while the second section index slipped 14.34 to 3,094.88, but in London the ISE/Nikkei 50 index firmed 2.64 to 1,403.10.

The market rose early in the morning on a bond market rally, prompted by optimism over domestic interest rates. That view was supported by growing expectations of rate cuts in the US, where job data released after Tokyo closed on Friday showed continued economic weakness.

However, the Nikkei fell below 24,000 at the afternoon opening as investors decided that the threat that the most recent scandal would worsen outweighed the bond market rally. News at the weekend that Mr Toyoki Kobayashi, Mr Hashimoto's personal aide, had helped a recently dismissed Fuji Bank official to arrange illegal loans depressed the market.

The opening yesterday of an extraordinary Diet (parliament) session also prompted investors to take a wait-and-see stance. Legislators are set to examine the stock market further in the wake of the loss compensation scandals.

There were also fears that corporations named as recipients of loss compensation from stock brokers would cancel "eigyo tokkin" accounts, which would increase the supply of stock in a market where potential sellers already heavily outnumber would-be buyers. Eigyo tokkin accounts enable securities firms to act both as brokers and fund managers, and are at the centre of the recent stock market scandal.

Mr Muneori Wakita of Merrill Lynch said the market was likely to gain support from bargain hunters if it dipped to 22,000, but was unlikely to top 25,000 in the absence of new buying incentives. These – in the form of lower interest rates – were not likely before the autumn, he predicted.

Electricals and other heavily export-oriented issues came under pressure as the prospects of a US economic recovery dimmed. Sony declined Y140 to Y6,150.

Interest rate-sensitive shares, including regional power utilities, were among the few winners. Chukoku Electric Power climbed Y30 to a year's high of Y2,730.

Investors also focused on companies which have cut minimum share lots to 100 from 1,000, including Sega Enterprises, Nippon Television Network and Nintendo; however, Nintendo ended unchanged at Y13,000.

In Osaka, the OSE average declined 111.53 to 26,293.27 on volume of 11m shares, down from 16m. Hanshin Bank strengthened Y90 to Y1,100.

Roundup

PACIFIC Rim markets had a mixed day as Hong Kong and South Korea set highs while Taiwan dropped 3.5 per cent.

HONG KONG achieved its second consecutive record close, although profit-takers had quickly eroded sharp early gains. The Hang Seng index added a net 3.61 at 4,063.01. Turnover fell to HK$1.48bn from HK$1.82bn.

SEOUL closed at a 1991 peak and volume reached its second highest level on record. The composite index closed at 758.18, up 10.03, after turnover of Won955bn.

Securities companies mostly hit their daily limit highs, a sign that investors expected the bull market to continue.

TAIWAN tumbled in light trading on rumours that a leading local market participant had financial problems. The weighted index weakened 179.03 to 4,881.65, following Saturday's 48-point gain. Turnover came to T$23bn after Saturday's half-day T$20.5bn.

MANILA closed firmer in thin trading, boosted by arbitrage trading in Philippine Long Distance Telephone. The stock closed up 15 pesos at 560 pesos, after gaining 62.5 cents to $20.62 on the American Stock Exchange on Friday.

The composite index rose 6.21 to 1,017.87 in turnover of 100.5m pesos, against 69.6m.

AUSTRALIA fell as a bank holiday in New South Wales, the largest state, kept institutional investors on the sidelines. The All Ordinaries index dipped 8.0 to 1,574.9 in thin trade of A$95m, after A$243m.

A fall in the price of bullion shaved 1.4 per cent off the gold index. Placer Pacific lost 3 cents to A$2.35 and Western Mining 4 cents to A$5.58.

NEW ZEALAND declined for the third session in a row. The NZSE-40 index dropped 10.07 to 1,458.05, in line with a weaker local bond market and easier stock market in Australia. Turnover narrowed to NZ$12.6m from NZ$19.9m.

SINGAPORE and KUALA LUMPUR were both easier as the recent crop of interim reports failed to inspire investors. The Singapore Straits Times Industrial index fell 12.58 to 1,465.04 in volume of S$64.2m (S$95.7m), while the Kuala Lumpur composite index shed 6.25 to 593.16 as volume slipped to M$62m from M$67m.

BANGKOK closed sharply lower on moderate turnover of Bt3.3bn, with finance issues leading the broadly based decline. The SET index lost 12.50 to 709.35.

EUROPE

Summer holidays restrict Continent to narrow range

THE SUMMER holidays were the main influence on bourses yesterday, as volumes declined and most share prices drifted sideways, *writes Our Markets Staff.*

PARIS finished slightly lower, after trading within a narrow range throughout the session. The CAC 40 index ended 4.30 down at 1,762.22. Turnover at the official close of only FFr800m was said to have been the lowest for more than three years.

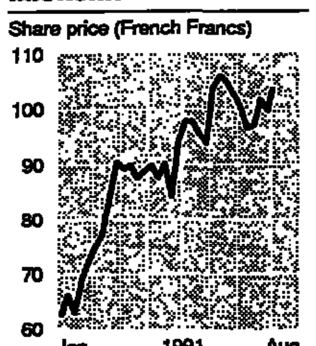
The car sector provided much of the interest. Michelin, the tyremaker, and Peugeot advanced in relatively good volumes of 373,000 and 80,100 shares respectively.

Michelin ended 70 centimes higher at FFr103, below its day's high of FFr105.10. The share price had jumped 3.9 per cent on Friday, on the news that the company was raising the price of replacement tyres by up to 10 per cent.

Peugeot closed FFr5 up at FFr579, after reaching FFr582 in early trading. The gain followed Friday's news that July was the best month of the year to date for French car sales.

Michelin

Share price (French Francs)



Source: Datastream

Peugeot's overall sales gained 11.1 per cent over the same month a year ago, helped by sales of its new Citroen ZX model.

FRANKFURT held on to most of its early gains, but trading was thin. The DAX index closed 6.67 higher at 1,622.03, just off the day's high of 1,623.70, while the FAZ index, calculated at midsession, rose 3.48 to 673.33. Volume fell to DM3.6bn from DM3.9bn.

FT-SE Eurotrack 100 - Aug 5

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1112.60	1112.87	1112.83	1112.09	1111.60	1112.07	1111.43	1110.63

Day's High 1113.13 Day's Low 1109.40

Aug 2	Aug 1	Jul 31	Jul 30	Jul 29
1116.44	1114.40	1110.04	1107.96	1104.82

Base value 1000 (26/10/90)

The car sector featured, with Volkswagen rising DM8.50 to DM366, Daimler-Benz up DM6 at DM731.50 and BMW DM2.50 higher at DM504. Continental, the tyre manufacturer, rose DM4 or 2.1 per cent to DM198 following the sale of its 13 per cent stake in Kwik-Fit of the UK last week.

Among smaller stocks, Zanders, the paper manufacturer, jumped DM11 or 4.2 per cent to DM275 after the company announced a sharp rise in first half profits and made positive remarks about the full year.

MILAN fell in nervous trading ahead of the meeting of political leaders later in the day for discussions on several key financial and institutional reforms.

The Comit index fell 4.5 to 573.90 in volume estimated at half of Friday's L102bn, as the country began to shut down for its traditional holiday month.

Among the blue chips, Fiat closed at L6,083, down L117, while Generali fell L430 to L31,850.

STOCKHOLM eased ahead of the announcement of interim company results. Some uncertainty has also set in before September's elections. The Affärsvärlden General index eased 7.60 to 1,114.10 in light volume of SKr187m, down from SKr241m.

SKF, the ball bearing maker that reports interim results on Thursday, saw its free B shares ease SKr3 to SKr108.

Free Bs in Electrolux, which is scheduled to report its half-year results next week, fell SKr4 to SKr267.

OSLO was lifted by further buying in the shipping sector. The all-share index rose 4.21 to 517.28 and the shipping index gained 7.35 or 1.2 per cent to 657.93. Turnover was moderate at NKr305m, up from NKr200m.

AMSTERDAM was weighed down by the weaker dollar and bearish expectations for first-half figures due later this week from Royal Dutch and Unilever. The CBS Tendency index fell 0.6 to 93.1.

Royal Dutch closed at Fl 159.90, down Fl 2.40 or 1.5 per cent. James Capel said yesterday that it had reduced its first-half forecast to £575m from £600m, as a result of the poor performance of its US subsidiary, Shell Oil.

MADRID moved higher, with the general index rising 2.42 to 275.45, in thin turnover of about Pta8bn. Telefónica was firm, rising Pta9 to Pta965.

In the construction sector, Asland gained Pta100 to Pta2,865; in banks, BBV added Pta55 to Pta3,135 and Banesto Pta80 to Pta3,920; and among utilities, Endesa rose Pta40 to Pta2,570 and Fecsa Pta17 to Pta758.

BRUSSELS was narrowly mixed in light trading. The Bel20 index was up just 1.05 at 1,147.20 in low volume of BFr458m.

UCB, the chemical group, was the most traded stock with BFr83m worth of shares changing hands. The stock closed up BFr100 at BFr18,250.

ZURICH slipped in sluggish trading, affected by the holiday season. The Crédit Suisse index lost 1.9 to 544.9.

HELSINKI drifted lower in quiet holiday trading. The Hex index fell 11.3 or 1.1 per cent to 1,003.9 in volume of FM17.5m, up from FM14.6m.

ISTANBUL lost 2.1 per cent, after last week's 3.8 per cent gain in anticipation of the new economic stability programme, due this week. The 75-share index shed 66.9 to 3,144.27.

In contrast, ATHENS gained 2.7 per cent, as the general index put on 26.48 to 993.60. The index remains more than 300 points below its 1991 high set in early March.

Firm Wall Street features in steady week

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	−0.46	−1.80	−30.03	+4.22	+1.97	−10.42
Belgium	+1.35	+0.02	−10.42	+14.07	+11.94	−1.66
Denmark	+1.84	+1.96	+3.25	+29.11	+25.84	+10.55
Finland	+1.43	+4.91	−18.62	+11.97	+10.15	−3.23
France	−0.26	+2.00	−8.99	+15.07	+12.98	−0.74
Germany	−0.31	−1.84	−17.06	+10.88	+8.79	−4.42
Ireland	+0.42	+2.99	−6.19	+20.10	+17.98	+3.65
Italy	+1.69	+2.12	−18.79	+11.96	+10.65	−2.78
Netherlands	+1.49	+2.75	+2.83	+21.83	+19.63	+5.10
Norway	+1.51	+1.58	−20.22	+12.49	+10.64	−2.80
Spain	+1.50	−0.40	−6.49	+21.44	+21.07	+6.36
Sweden	+1.64	−0.30	−9.66	+35.81	+13.09	+20.87
Switzerland	+0.95	+3.02	−0.44	+25.48	+20.71	+6.06
UK	+0.54	+4.82	+11.59	+21.00	+21.00	+6.31
EUROPE	+0.58	+2.52	−1.87	+18.37	+17.13	+2.89
Australia	+1.64	+3.22	−0.03	+25.49	+44.39	+26.86
Hong Kong	+0.63	+4.49	+19.56	+38.52	+58.47	+39.21
Japan	+0.76	+4.08	−13.50	+6.88	+20.69	+6.02
Malaysia	−1.68	−1.55	−5.42	+9.46	+20.70	+6.04
New Zealand	+2.19	−0.89	−24.87	+13.03	+25.40	+10.16
Singapore	−1.34	+2.84	−6.41	+24.19	+41.09	+23.94
Canada	−0.26	+1.20	−0.96	+6.09	+21.76	+6.98
USA	+1.74	+3.70	+10.83	+17.73	+34.00	+17.73
Mexico	−0.45	+7.72	+114.27	+98.87	+121.68	+94.57
South Africa	+0.90	+0.21	+4.61	+26.36	+50.21	+31.96
WORLD INDEX	+1.04	+3.42	−1.25	+14.58	+25.54	+10.29

† Based on August 2nd 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

By Jacqueline Moore

WALL Street's moderate rise last week was one of the few highlights of a steady performance by world stock markets. The US was up 1.7 per cent in local currency terms, compared with a gain of just over 1 per cent in the overall FT-Actuaries World Index.

Most of Wall Street's advance came last Tuesday, in response to a rise in the bond market following the previous week's reduction in long-term interest rates. Tuesday's 31-point climb in the Dow Jones Industrial Average took the index back up above 3,000, where it managed to end the week in spite of modest falls on Thursday and Friday. Volume, however, was light.

Lazard Investors, the fund management subsidiary of the Lazard Brothers merchant bank, believes the current US recovery is sustainable in the medium term. "Valuation is high by past standards, but need not inhibit a reasonable run by equities," it says in its Global Equity Outlook. "The main bull point is that earnings have almost certainly troughed now. Third-quarter earnings, reported in October, should be a little better."

But it warns that the rally could run out of steam in the near term. "Full confirmation [of an earnings recovery], which the market will want, may have to wait until the turn of the year."

Lazard has downgraded its forecast of a year-end Dow to 3,050, and predicts a mid-1992 figure of 3,200 – a level which it says is disappointing, but which reflects an expected further rise in bond yields and fears of monetary tightening.

Only one market, New Zealand, rose by more than 2 per cent last week, lifted mainly by enthusiasm for Tuesday's budget, which proposed significant spending cuts.

Singapore, the previous week's leader, retreated as the market digested three new listings. However, Hoare Govett says it could recover this week, in the run-up to National Day on Friday. Neighbouring Malaysia was also weak, discouraged by unexciting interim results.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY AUGUST 2 1991								THURSDAY AUGUST 1 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	149.76	+0.4	130.95	129.45	135.05	127.75	+0.2	5.03	149.11	132.06	128.74	136.28	127.44	149.76	112.74	148.32
Austria (20)	176.15	+0.3	154.03	152.27	158.84	159.43	−0.3	1.73	175.63	155.54	152.82	160.52	159.87	222.37	167.00	270.99
Belgium (49)	130.03	+0.9	113.70	112.39	117.26	115.12	+0.3	5.12	128.87	114.13	112.12	117.78	114.73	151.20	121.73	155.64
Canada (115)	139.10	−0.5	121.63	120.23	125.42	115.93	−0.5	3.26	139.86	123.87	121.68	127.82	116.51	142.27	126.49	139.68
Denmark (37)	257.17	+0.8	224.88	222.31	231.90	236.01	+0.2	1.50	255.19	226.01	222.05	233.24	235.58	270.56	217.74	276.46
Finland (16)	99.81	+0.5	87.27	86.28	90.00	87.85	+0.2	2.74	99.30	87.95	86.41	90.76	87.68	125.15	90.00	136.07
France (109)	130.77	+1.2	114.35	113.03	117.92	120.98	+0.0	3.68	129.17	114.40	112.38	118.05	121.02	152.26	120.60	155.06
Germany (65)	106.95	+0.5	93.52	92.46	96.44	96.44	−0.9	2.33	106.44	94.27	92.63	97.29	97.29	125.35	102.03	138.61
Hong Kong (55)	169.57	+0.7	148.28	146.58	152.92	168.95	+0.7	4.11	168.32	149.07	146.45	153.85	167.75	169.57	119.62	139.18
Ireland (18)	153.88	+0.4	134.56	133.02	138.76	141.35	−0.5	3.54	153.33	135.80	133.42	140.14	142.05	182.46	132.88	179.33
Italy (77)	76.13	+1.6	66.57	65.81	68.65	73.86	+0.5	3.16	74.94	66.37	65.20	68.49	73.48	88.23	69.89	103.80
Japan (474)	132.28	+0.3	115.67	114.34	119.30	114.34	−0.3	0.74	131.84	116.76	114.71	120.51	114.71	146.97	118.35	136.62
Malaysia (68)	224.95	−0.4	196.70	194.44	202.85	241.54	−0.3	2.77	225.84	200.02	196.50	206.41	242.26	247.78	192.83	243.54
Mexico (16)	1138.20	−0.1	995.28	983.89	1026.39	3752.65	−0.1	1.45	1139.78	1009.45	991.73	1041.74	3757.84	1152.58	534.45	550.45
Netherland (31)	140.80	+1.2	123.12	121.71	126.97	125.63	−0.1	4.27	139.15	123.24	121.08	127.19	126.82	145.73	125.70	144.77
New Zealand (14)	47.82	−0.6	41.81	41.34	43.12	44.32	−0.8	6.86	48.10	42.60	41.85	43.96	44.67	54.64	41.18	65.55
Norway (32)	198.56	+0.8	173.62	171.64	179.06	183.40	+0.3	1.60	197.07	174.54	171.48	180.12	182.90	223.24	182.24	271.29
Singapore (38)	197.40	+0.7	172.62	170.64	178.01	158.47	+0.5	2.16	196.08	173.68	170.61	179.21	157.68	208.25	151.63	201.01
South Africa (61)	241.34	−2.6	211.03	208.61	217.62	172.12	−1.4	3.15	247.87	219.52	215.66	226.54	174.50	258.85	173.00	194.86
Spain (54)	149.24	+1.0	130.50	129.01	134.58	123.35	+0.6	4.35	147.72	130.83	128.53	135.01	122.59	171.12	131.51	169.84
Sweden (25)	192.72	+0.1	168.52	166.60	173.80	180.31	−0.5	2.46	192.61	170.59	167.60	176.05	181.21	204.12	146.60	230.03
Switzerland (58)	94.32	+2.0	82.47	81.53	85.06	88.21	+0.3	2.18	92.43	81.86	80.43	84.49	87.96	100.67	82.17	103.75
United Kingdom (240)	176.12	+1.7	154.00	152.23	158.80	154.00	+0.4	4.77	173.23	153.42	150.71	158.31	153.42	187.44	156.27	171.38
USA (526)	156.94	+0.0	137.23	135.67	141.53	156.94	+0.0	3.08	156.88	138.94	136.51	143.39	156.88	158.24	125.95	139.03
Europe (831)	138.42	+1.3	121.04	119.65	124.82	123.54	+0.1	3.87	136.60	120.99	118.86	124.86	123.41	151.52	125.50	152.62
Nordic (110)	188.72	+0.5	165.02	163.13	170.18	168.07	−0.1	1.94	187.83	166.35	163.43	171.67	168.20	200.81	155.55	221.46
Pacific Basin (718)	133.66	+0.3	116.88	115.54	120.53	116.09	−0.3	1.09	133.21	117.97	115.91	121.75	116.39	145.92	117.86	137.08
Euro – Pacific (1549)	135.88	+0.7	118.82	117.45	122.53	119.88	−0.1	2.21	134.89	119.47	117.36	123.28	120.00	147.66	121.29	143.78
North America (641)	155.75	+0.0	136.20	134.65	140.48	154.17	+0.0	3.09	155.75	137.94	135.53	142.37	154.18	157.04	125.91	138.97
Europe Ex. UK (591)	116.07	+1.1	101.49	100.35	104.69	106.02	−0.1	3.17	114.84	101.71	99.95	104.99	106.13	129.80	106.85	139.91
Pacific Ex. Japan (244)	147.32	+0.4	128.82	127.36	132.86	131.48	+0.3	4.28	146.72	129.95	127.68	134.11	131.09	147.32	111.40	141.71
World Ex. US (1741)	137.69	+0.6	120.40	119.03	124.17	121.17	−0.2	2.26	136.84	121.20	119.08	125.08	121.35	148.16	122.32	144.37
World Ex. UK (2027)	140.01	+0.3	122.42	121.03	126.26	130.19	−0.1	2.31	139.65	123.68	121.51	127.65	130.36	145.77	120.06	138.47
World Ex. So. Af. (2206)	142.51	+0.4	124.61	123.20	128.52	132.10	−0.1	2.56	141.88	125.66	123.46	129.69	132.19	148.66	122.92	141.06
World Ex. Japan (1793)	150.27	+0.4	131.40	129.91	135.53	142.32	+0.0	3.42	149.62	132.51	130.20	136.77	142.28	152.83	126.69	145.27
The World Index (2267)	143.15	+0.4	125.18	123.75	129.10	132.44	−0.1	2.56	142.58	126.28	124.06	130.32	132.55	149.01	123.28	141.39

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Constituent change with effect 6/8/91: Varity Corp. is moving from Canada to USA. Latest prices were unavailable for this edition.